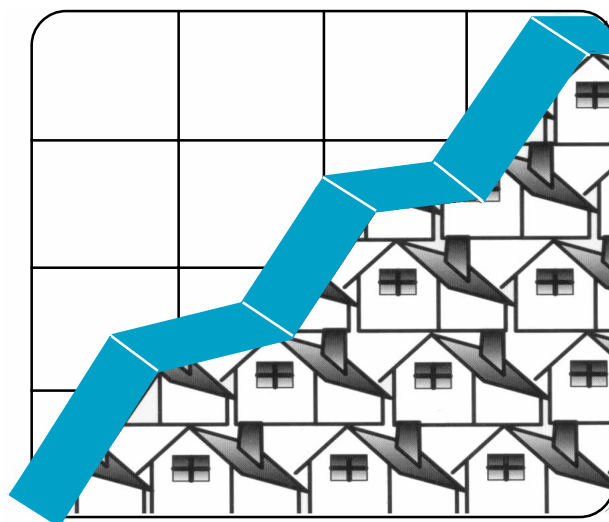


1998 FALL

Alaska Housing Market Indicators



1998
F A L L

PUBLISHED JULY 1999

Alaska Housing Market Indicators

Fall 1998

July - December 1998

Prepared by

Alaska Housing Finance Corporation

Daniel R. Fauske

Chief Executive Officer/Executive Director

Alaska Housing Finance Corporation

Planning and Program Development Department

Alaska Department of Labor

Research and Analysis Section

Tony Knowles

Governor

Published July 1999

Volume VIII, Issue 2

ISSN 1063-374X



Editor:

James Wiedle

Editorial Board:

Kris Duncan
Carma Reed
Bob Pickett
Mark Romick

Contributors:

Kristen Tromble
Jeff Hadland
Peter Lang
Emma Punongbayan

Design & Layout:

James Wiedle



Contents

Index of Chart and Tables	iv
Index of Feature Articles 1993-1999	vii
Editor's Note	viii
Data Release Schedule	ix
Acknowledgment	x
Executive Summary	xi

Feature Article

Log Home Construction: Using a Local Resource in Building	1
--	---

Section 1

Results of the Quarterly Survey of Alaska Lenders	9
---	---

Section 2

AHFC Residential Loan Portfolio	17
---------------------------------------	----

Section 3

Alaska Multiple Listing Service Information	27
---	----

Section 4

New Alaska Housing Units	33
--------------------------------	----

Section 5

1999 Construction Cost Survey	41
-------------------------------------	----

Index of Charts and Tables

Feature Article

Log Home Construction: Using a Local Resource In Building

R-Value of White Spruce Logs	
Selected Log Sizes and Moisture Content	3
Foundation Design	
Frost Susceptible vs. Non-frost Susceptible Soil	4
Parts of a Log Home	
Structure, Roof, and Foundation	6

Section 1

Results of the Quarterly Survey of Alaska Lenders

Single-Family Loan Activity Summary	
Including AHFC, Selected Areas	10
Condominium Loan Activity Summary	
Including AHFC, Selected Areas	11
Average Sales Price	
Single-Family Homes	12
Average Loan-to-Value Ratios	
Single-Family Homes	13
Average Monthly Wage	
Statewide	15
Alaska Affordability Index	
Single-Family Homes, Private and Public Agency Lenders	15

Index of Charts and Tables – Continued

Section 2

AHFC Residential Loan Portfolio

Dollar Volume of AHFC Loans by Total Loan Volume	
Single-Family Homes and Condominiums	18
AHFC Market Share of Single-Family Homes	
Based on Dollar Loan Volume	18
AHFC Dollar Volume of Urban and Rural Loans	
Statewide	20
AHFC Loans Purchased	
Urban vs. Rural	20
Price Range Summary	
AHFC Condominium and Single-Family Loans	21
AHFC and Non-AHFC Average Loan Amounts	
Single-Family Loans	22
Income Summary	
AHFC Condominium and Single-Family Loans	23
Median Purchase Price of Homes and Condominiums	
AHFC Single-Family Homes with/without Garage and Condos	24
AHFC Foreclosures and Disposals	
Statewide	24

Section 3

Alaska Multiple Listing Service Information

Municipality of Anchorage	
Single-Family Residential Listings and Sales	29
Municipality of Anchorage	
Condominium Listings and Sales	29
Kenai Peninsula Borough	
Single-Family Residential Listings and Sales	30
Matanuska-Susitna Borough	
Single-Family Residential Listings and Sales	30
Fairbanks North Star Borough	
Single-Family Residential Listings and Sales	31
Fairbanks North Star Borough	
Condominiums and Townhouse Listings and Sales	37

Index of Charts and Tables – *Continued*

Section 4

New Alaska Housing Units

New Housing Units by Type of Structure	
For Places Reporting Data, Comparison with 1997 Permit Data	34
Permits for New Housing Units by Type	
Alaska	38
Permits for New Housing Units by Location	
Alaska	38
New Housing Units Authorized	
Anchorage	39
New Housing Units Authorized	
Fairbanks North Star Borough	39

Section 5

1999 Annual Construction Cost Survey

Construction Cost Survey	
Model House, 1999	43
Average Price for Construction Materials	
Alaska Suppliers, 1999	44
Average Price for Doors and Windows	
Alaska Suppliers, 1999	44
Average Cost of Market Basket	
Alaska Suppliers (Without Concrete and Rebar), 1999	46
Cost of Market Basket Index	
Comparison Index, Anchorage as a Baseline (Alaska Suppliers), 1997, 1998, 1999)	47
Average Price for Construction Materials	
Oregon and Washington Suppliers (Without Concrete), 1999	48
Transportation Cost of Market Basket	
Shipping and Handling (Without Rebar), 1999	48

Index of Feature Articles 1993-1998

1. Refinancing Your Home: Get it While Rates Remain Low
By Miguel Barragan 2nd Quarter 1993
2. Economic Impact of AHFC in Alaska
By Mark Romick.....3rd Quarter 1993
3. Housing and Economic Development: The Critical Connection
By Mitzi Barker.....4th Quarter1993
4. Energy Efficiency and Economic Development in Rural Alaska
By Mimi Burbage..... 1st Quarter 1994
5. A Housing Policy for the 21st Century
By Mitzi Barker.....2nd Quarter 1994
6. Keeping Pace with Alaska's Housing Needs
By Kris Duncan.....3rd Quarter1994
7. Homebuyer Education
By Bob Pickett.....4th Quarter1994
8. Changing Federal Housing Policies Spell New Challenges for Alaska
By Mitzi Barker.....Spring 1995
9. Rural Perspectives: Bristol Bay
By Grant Shimanek.....Fall 1995
10. Rural Perspectives: AHFC Small Building Material Loan Program
By Grant Shimanek.....Spring 1996
11. Affordable Housing: Need and Economic Impact
By Miguel Barragan.....Fall 1996
12. Affordable Rental Housing Development: Highlight on AHFC's GOAL Program
By Jeff Judd.....Spring 1997
13. The Alaska Housing Finance Corporation: Benefiting Alaska through Sound
Financial Investment
By James WiedleFall 1997
14. Looking Toward 2000: Future Trends in the Housing Industry
By James WiedleSpring 1998
15. Log Home Construction: Using a Local Resource in Building
By Mimi Burbage.....Fall 1998

Editor's Note

The housing market exceeded all expectations in 1998. Total loan volume exceeded \$1.9 billion and total permits hit a 13-year high. The strength of the national economy has been linked to the strength of the Alaska housing market. The nation is in one of the longest periods of economic expansion since World War II. With little evidence of inflation and low unemployment, home buyers are benefiting from gains in disposable income and low interest rates.

Ironically, as the nation experiences an unprecedented era of economic growth, Alaska is currently struggling with a budget deficit brought on by low oil prices. Oil and related manufacturing companies are in the process of minimizing their losses, consolidating services, and laying off employees. The recent proposed merger between BP-Amoco and ARCO is expected to result in the loss of some 800 jobs. Experts in the housing market are optimistic that these reductions will not significantly impact the strength of the market, but higher-end homes may depreciate.

1999 opens with many uncertainties, but if interest rates and unemployment stay low, we can expect to have an upbeat year for the housing market. Although it may be unrealistic to expect loan activity to exceed 1998 levels, we still have a moderate number of Alaskans who do not own a home. Increased targeting of home ownership toward this group may sustain the performance of the market.

We are continually striving to make *Alaska Housing Market Indicators* a publication that you, the reader, can use. As always, if you have any questions, comments, or ideas for future publications, please contact us.

Editor, Alaska Housing Market Indicators

Alaska Housing Finance Corporation

PO Box 101020, Anchorage, AK 99510

Telephone: (907) 330-8235 • Fax: (907) 338-2585 • E-Mail/Internet: jwiedle@ahfc.state.ak.us

Web Site: www.ahfc.state.ak.us

Data Release Schedule



or updated data release dates, check our Internet web site: www.ahfc.state.ak.us/planning.htm. For any questions, call, write, or e-mail the editor (see previous page for addresses and phone numbers).

AHFC Quarterly Residential Portfolio/New Alaska Housing Units

- 1999 First Quarter 60 days after quarter ends Friday, May 30, 1999
- 1999 Second Quarter 45 days after quarter ends Friday, August 15, 1999
- 1999 Third Quarter 45 days after quarter ends Friday, November 14, 1999
- 1999 Fourth Quarter 45 days after quarter ends Tuesday, February 17, 1999

Multiple Listing Service Data

- 1999 First Quarter 60 days after quarter ends Friday, May 30, 1999
- 1999 Second Quarter 60 days after quarter ends Friday, August 29, 1999
- 1999 Third Quarter 60 days after quarter ends Friday, November 28, 1999
- 1999 Fourth Quarter 60 days after quarter ends Monday, March 2, 1999

Quarterly Survey of Alaska Lenders

- 1999 First Quarter 81 days after quarter ends Friday, June 20, 1999
- 1999 Second Quarter 81 days after quarter ends Friday, September 19, 1999
- 1999 Third Quarter 81 days after quarter ends Friday December 19, 1999
- 1999 Fourth Quarter 90 days after quarter ends Tuesday, March 31, 1999

Annual Rental Market Survey

- 1999 Second Quarter Beginning of 3rd Qtr 1998 Tuesday, July 1, 1999

Annual Construction Cost Survey

- 1999 First Quarter Beginning of 2nd Qtr 1999 Wednesday, April 1, 1999

Acknowledgment



We wish to thank the primary and secondary mortgage lenders listed below for responding to our quarterly survey of mortgage loan activity and for their willingness to continue to participate in future surveys. The list includes the major government and private providers of mortgage funds in Alaska. Some of the participants are primary mortgage lenders. That means they originate loans to keep in their own portfolios or to sell them to participants in the secondary mortgage market. Institutions such as Alaska Housing Finance Corporation and Fannie Mae operate in the secondary mortgage market, purchasing mortgages originated by primary lenders. Secondary mortgage activity is an important source of liquidity for mortgage lending. Although primary lenders and secondary purchasers differ, both provide financing for Alaskans to buy homes. For the purposes of this report, maintaining the distinction is not particularly important. Therefore, occasionally, there will be a reference to “lenders” or to “other lenders,” some of which are primary lenders and some secondary purchasers. Unless the difference is critical to the discussion, no distinctions are made.

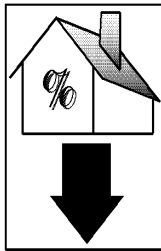
Alaska Federal Savings and Loan
Alaska Housing Finance Corporation
City Mortgage
Denali State Bank
Fannie Mae
FHA
First Bank of Ketchikan
First National Bank of Anchorage
Key Bank of Alaska
Mt. McKinley Mutual Savings Bank
National Bank of Alaska
Rural Development (formerly USDA Farmers Home Administration)
Seattle Mortgage

Executive Summary

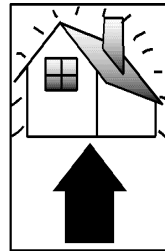
Housing Market Indicators

July-December 1998

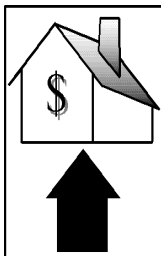
Compared with July-December 1997



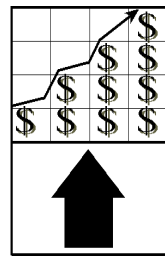
Mortgage Loan
Rates



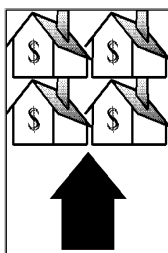
New Housing
Units
Authorized



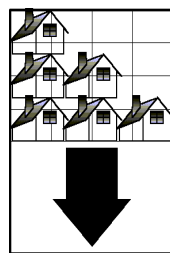
Home Prices



Wage and Salary
Income



Dollar Volume
of Loans



Affordability
Index

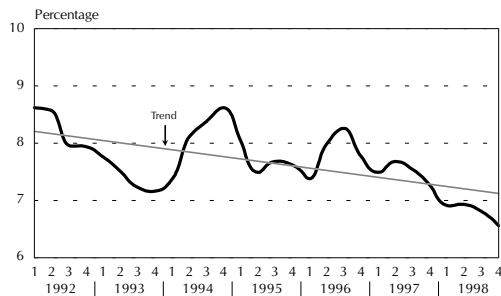
The Alaska housing market recorded an exceptional year. State wide loan volume exceeded \$2 billion, driven largely by favorable interest rates. The statewide average annual interest rate for all residences, weighted by dollar loan volume, dropped from 7.55% in 1997 to 6.83% in 1998. AHFC programs offered the lowest overall rates to homebuyers during the first half of 1998, at 5.93%. AHFC rates are typically lower than average due to the special tax-exempt programs it offers to potential homebuyers.

The average sales price for a single-family home in Alaska rose 7% from 1997 to 1998. In 1997, the average price for a single-family home was \$157,897, and in 1998, this price was \$168,349. For condominiums, prices jumped dramatically from \$90,486 in 1997 to \$115,279 in 1998. Home values continue to appreciate faster than the rate of inflation.

Average monthly wage income grew incrementally in 1998. Wages grew 1.2% from 1997 to \$2,761 in 1998. The labor market also experienced strong growth. Increases in employment were reported for most sectors of the labor force compared to 1997. By the end of 1998 however, the drop in oil prices and production led to an increase in unemployment and a flattening of wage growth.

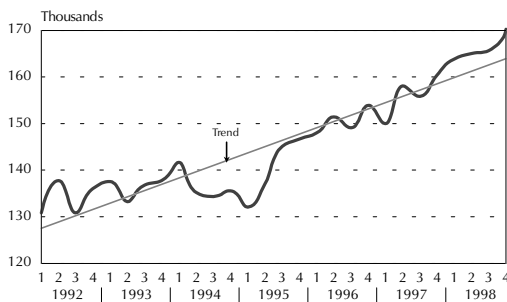
Alaska's per-capita income rating continues to slip. In 1998, Alaska's per-capita income ranked 20th in the nation, falling below the national average. Average monthly wage also continues to lose ground when adjusted for inflation. While average monthly wage grew from 1997, the actual purchasing power of the Alaskan dollar continues to decline.

Interest Rates



While favorable interest rates and a slight increase in average wages improved affordability, housing prices continued to rise. As a result there was only a slight decrease in the affordability index. It fell from 1.40 in 1997 to 1.38 in the second half of 1998, which meant that homes became slightly more affordable.

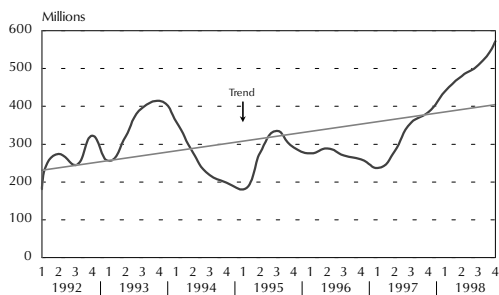
Average Sales Price



In 1998, loan activity was significantly stronger than in 1997. Total loan volume increased from \$1.3 billion to \$2.0 billion. The total number of loans increased from 9,808 to 15,119.

Multiple Listing Service (MLS) activity during 1998 was ahead of 1997 for most surveyed areas. Overall listings grew 3.6% and average days-on-the-market fell 10%. Single-family sales volume grew from \$739.7 million in 1997 to \$844.3 million. The average listing price of an MLS-listed residence increased 6.8% to \$157,700.

Dollar Volume of Loans



Source: Alaska Department of Labor, Research and Analysis Section.

Total statewide permit issuances for 1998 were higher than 1997. The total number of housing units authorized rose 11.8% from 3,307 to 3,682. Southcentral Alaska led permitting activity with three-quarters of the state's new permits.

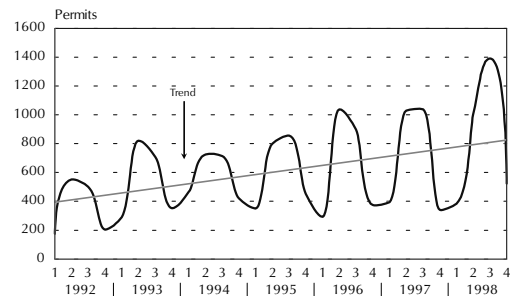
Building materials continue to cost more in rural than urban areas. According to AHFC's 1999 Construction Cost Survey, costs in rural areas are up to twice as expensive as urban areas such as Anchorage or Juneau. The primary reason for this disparity was higher transportation costs in rural areas. Despite higher construction costs, rural areas continue to report falling prices. Many urban communities, particularly Anchorage and Wasilla, continue to report rising construction costs in response to increased housing demand in these respective areas.

Economists are forecasting continued growth for the state of Alaska. Growth, however, will be marginal due principally to oil losses. The oil and gas industry is expected to contract and depending on legislative action, the public sector may also shrink. However, other sectors including services and telecommunications are expected to offset these losses.

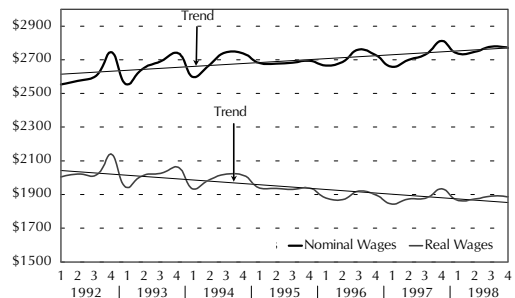
The impact that the downturn in the oil patch will have on the housing market remains to be seen. While the higher-priced market may sag, demand for low-to-moderate priced homes is expected to continue as long as interest rates remain favorable.

The Alaska Housing Finance Corporation is a self-supporting public corporation that provides low-to-moderate income Alaskan households with affordable housing finance options. AHFC provided Alaskans with over \$428 million in residential loans in 1998. As the new millennium approaches, AHFC will continue to play a major role in helping families own homes.

New Housing Units

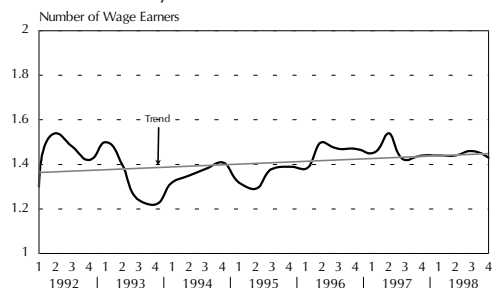


Wages



Note: "Real Wages" are wages that are adjusted for the Consumer Price Index - A Measure of Inflation

Affordability Index



Note: The **Affordability Index** is the number of earners needed to qualify for an 85% mortgage. Contrary to other common indexes, this one decreases when affordability improves and increases when affordability declines. Therefore, a **smaller affordability index or a decrease is always more favorable to buyers.**

Source: Alaska Department of Labor, Research and Analysis Section.

Log Home Construction: Using a Local Resource in Building

Contributed by Mimi Burbage

Mimi Burbage is an energy specialist who works within the Research and Rural Development Division of the Alaska Housing Finance Corporation. Ms. Burbage has extensive experience and training in home energy efficiency and construction design.

The Alaska Housing Finance Corporation has a long-standing reputation as a provider of affordable housing options for Alaskans. Less known, however, is that AHFC provides many different forms of technical assistance and resources to builders, contractors, and developers in Alaska. Recently, AHFC published the *“Alaska Log Building Construction Guide: Building Energy-Efficient, Quality Log Structures in Alaska.”* Through effective building techniques, log homes can be a viable alternative to a traditional “stick-frame” home.

Why the growing interest in log homes? Log building goes hand in hand with sustainable development. Log homes can be developed from local natural resources. If these resources are effectively managed, a sustainable base of log-home building product can be supplied using local labor. Sustainability not only generates economic activity, but also lowers overall building construction cost. In rural Alaska, the cost of building a stick-frame home can be almost three times as high as an urban area due to the high costs of transportation. If building product is supplied locally, overall building cost is reduced and more dollars are circulated in the local economy.

In addition to sound economics, log construction has a rustic appeal to Alaskans. Many Alaskans still follow in the spirit of the homesteader, settling down in a remote area and quickly constructing a log shelter before winter hits. There is also a traditional basis to log homes. For example, Athabaskans originally used the bark of spruce trees for roofing and flooring, the boughs for insulation, and the logs for building walls and roofs. Interest in traditional construction is increasing as Alaska's Natives revive and sustain their culture.

With the growing interest in log homes, comes an increased emphasis on construction techniques. If log homes are to become a viable alternative to stick-frame homes, they must be efficient, comfortable, and safe. Many factors must be considered, from the size of the logs to the home foundation. Energy-efficiency, physical design, shrinkage, soil conditions and financing are just a few of the many items addressed in the *"Alaska Log Building Construction Guide."*

Log Home Energy Efficiency

Figure A-1

In the introduction to the eighth edition of *"Building With Logs,"* author and noted Canadian log-building expert B. Allan Mackie invites the reader to take a closer look at the physical properties of trees. He notes that "The body of the tree is composed of hollow cells packed tightly together. Under a microscope, they look like a honeycomb. When the tree is felled and the vital fluids have dried, these tiny air pockets seal, becoming an almost perfectly insulated building material. The tree as it exists naturally is an almost perfect building material."

Logs with a good southern exposure will store heat from the sun during the day and slowly release that heat at night. The cycle repeats until fall when you have to start adding heat from your wood stove or furnace. One or two short, hot firings a day of a good airtight wood stove during the winter heating season will heat a well-built modern log home. The objective is to keep the mass of the logs from cooling to below a thermostat setting for the fossil-fuel-fired furnace or boiler.

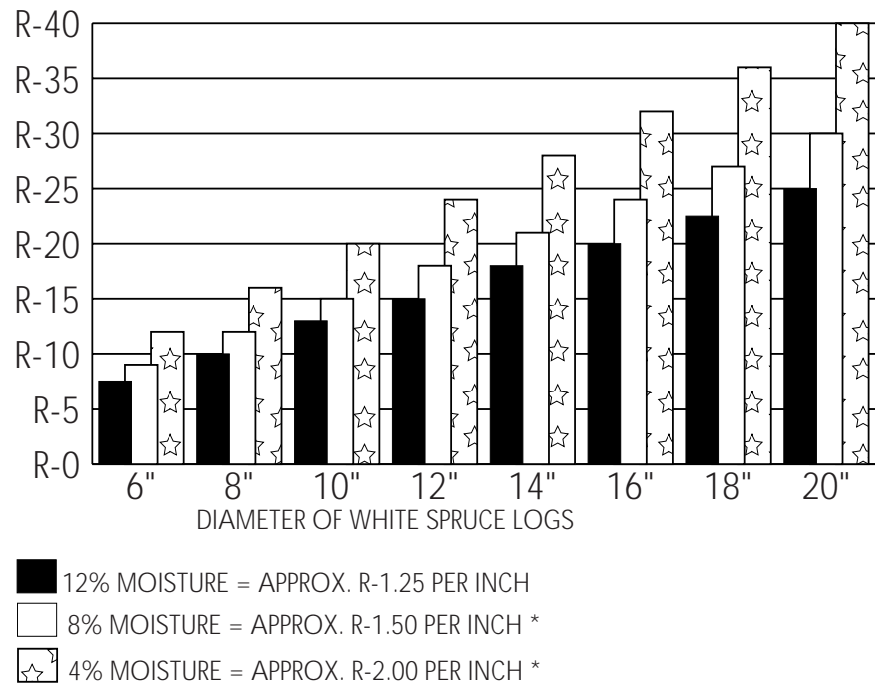
Alaska white spruce has a thermal resistance of about R-1.25 per inch at 12% moisture content. Oven dry white spruce has a thermal resistance of 1.47 to 2.04 per inch. Log walls in the interior of Alaska may have a higher R-value because of the extreme dryness of the air during prolonged subzero weather.

R-Value of White Spruce Logs Selected Log Sizes and Moisture Content

Figure A-1

Note: Taken from "Alaska Log Building Construction Guide," AHFC, 1999

Source: Carlson, "Building a Log Home in Alaska," Appendix D



Log Home Planning & Design

Log house design should begin in the woods. You need to know what sort of trees are available. It is equally important to know the building site. When choosing the best location for the house on your property, make a drawing showing the location of the most beautiful natural features on the land. What it was that made you want to buy this land should not be destroyed in the building process.

The house must also work with the slope, solar aspect, vegetation, and other natural and man-made features of the landscape. Face the long side of the house directly at the midwinter sun for natural light and passive solar heat. Don't block the winter sun with evergreen trees. Birch or aspen will shade the house in summer and drop their leaves in the fall, allowing the sun to penetrate deep into the house during the winter.

Design the home to fit your needs now and in the future. Some log homes in Scandanavia have been lived in continuously by succeeding generations for over five hundred years. Design, construct, and maintain a log home so that it will last at least as long as it took to grow the trees that are used to build it.

Log Home Foundation Considerations

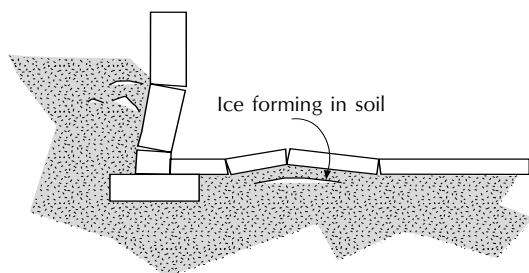
Figure A-2

The most important consideration for building a foundation for a low structure is the ground upon which it sits. A log home may be two to four times heavier than a comparable frame house. The heavier and more expensive a structure is, the more important it is to have good soil information upon which to base a foundation design. The best way to determine what kind of ground is under your proposed log home is to core drill test holes under the footprint of the foundation, to at least 40 feet deep if permafrost or mass ice is present.

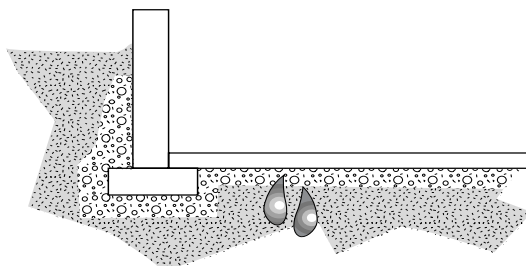
Foundation Design

Frost Susceptible vs. Non-frost Susceptible Soil

Figure A-2



"Frost-susceptible soil holds moisture like a sponge and swells as the water turns to ice."



"Non-frost susceptible soils are soils that drain well, so no water is left to freeze. This means sand or gravel."

About half of Alaska is underlain with permafrost. Approximately one quarter of the state must contend with discontinuous permafrost. The U.S. Natural Resource Conservation Service may be a good source of information on soils in your area.

Good building soils in Alaska contain solid rock or free-draining sand and gravels that will not hold water and will not cause frost heaving when the ground temperature is below freezing. If you are building on good soils, just about any structurally sound foundation that complies with local building codes and accepted engineering principles can be used to support a log home.

Construction Aspects

Figure A-3

Designing for log construction is not the same as designing for frame construction. You have to allow for settlement of the horizontal wall logs and gable logs of between $\frac{1}{2}$ and $\frac{3}{4}$ inch per round of logs depending on the species and water content. A green 8-foot-tall log wall may shrink about four to six inches in height, while a 12-foot-high log gable wall may shrink six to eight inches or more. All partitions and walls incorporating vertical posts and stairways must allow for settlement, and log floor systems must account for five to six inches of settlement.

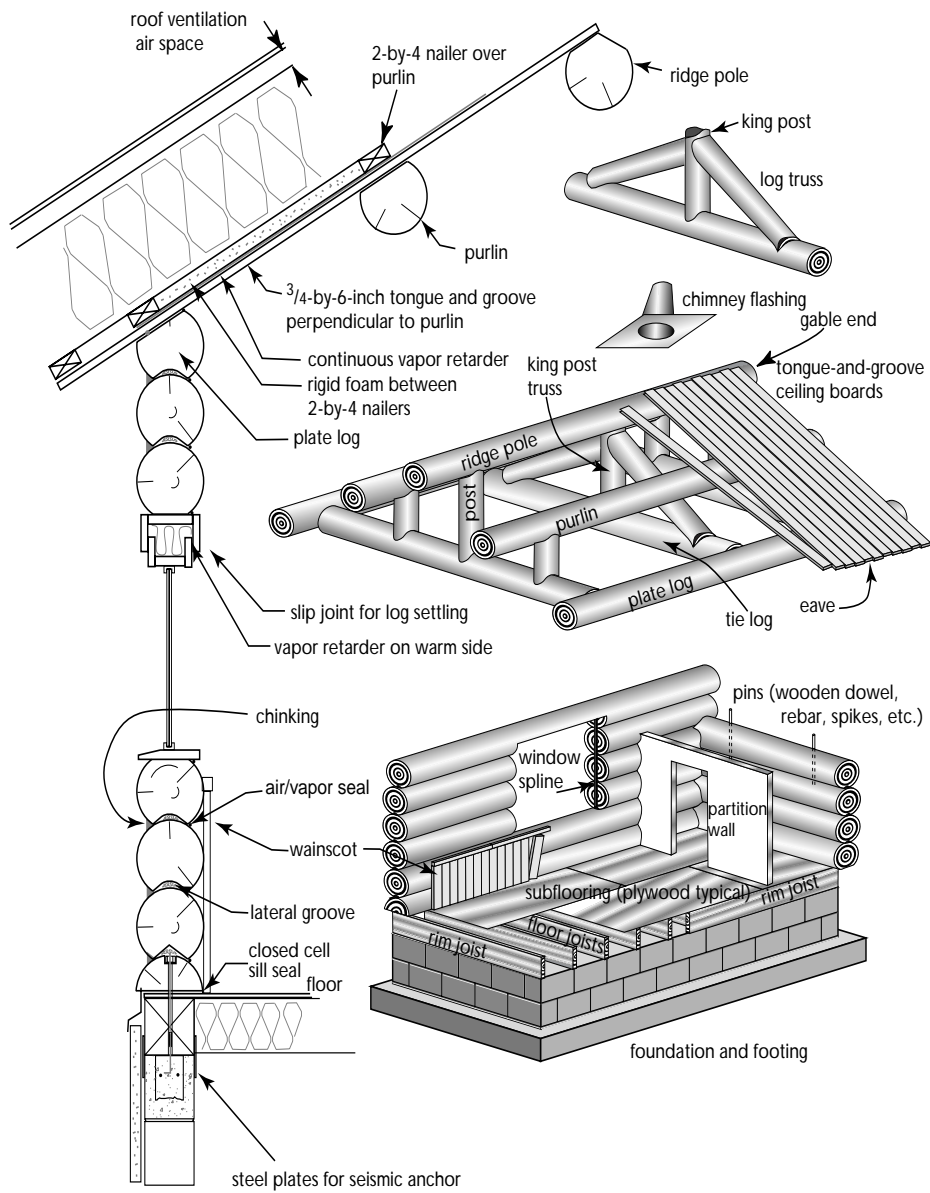
All window and door framing and vertical support posts and interior frame walls must allow the logs to settle down without hanging up and causing gaps to occur. Air leakage through poorly fitted logs is not only one of the greatest sources of heat loss, it is also the major moisture transport mechanism in a leaky house.

In order for a log structure to meet the airtightness requirements of the energy standard, it should be built to the highest possible standards of craftsmanship as outlined in the *Log Building Standards* of the Canadian and American Log Builders Association.

Parts of a Log Home

Structure, Roof, and Foundation

Figure A-3



Note: Taken from *Alaska Log Building Construction Guide*, AHFC, 1999

Code Requirements and Financing

All construction should comply with local building codes and the Uniform Building Code, the Uniform Mechanical Code, the Uniform Plumbing Code, the National Electric Code, and the State of Alaska Building Energy Efficiency Standard. If you wish to borrow money from the Alaska Housing Finance Corporation and take advantage of many interest-rate-reduction programs, or if you want to refinance or sell your home, make sure your home is built to meet necessary codes and standards.

Building your house with an eye toward compliance with the Americans with Disabilities Act makes the house easier for you and your visitors to live in as well as making it easier to eventually sell. You never know when you might become permanently or temporarily disabled. It's a lot cheaper to incorporate handicap-accessible features now, when you're building, then to retrofit them later.

Conclusions

Log building is a traditional form of shelter that is an alternative to conventional "stick-built" homes. Log-home construction has the potential of providing local communities with a sustainable and viable industry. But most importantly, safe and efficient log homes can provide the home-owner with many, many years of affordable, comfortable living.

The "Alaska Log Building Construction Guide" is available through the Alaska Housing Finance Corporation. For a copy of the manual, call 1-800-478-4636.

Section 1

Results of the Quarterly Survey of Alaska Lenders

Housing Market Shows Strong Growth in 1998

Tables 1-1 to 1-2

The housing market witnessed strong activity in 1998 as the Alaska economy experienced employment gains, wage income growth, and falling interest rates. The number and dollar volume of residential sales increased over 1997 with strong demand pushing housing prices up. Economic strength in the Anchorage-MatSu region spurred many of the gains. However, toward the end of the year, some market indicators showed signs of slowing.

Loan Volume Tops \$2 Billion

The 13 participants in the 1998 survey of Alaska lenders reported over \$2 billion in loans for 1998, up 59% from 1997's total of \$1.3 billion. The total market value of these homes, the sum of sales prices, rose 65 percent in 1998 to \$2.5 billion. During the first half of 1998, loan volume grew 77.7% compared to the prior year's first half. This growth rate slowed in the next six months but, at 45.7%, remained impressive. For the last six months of 1998:

- Statewide loan volume reached \$1.08 billion.
- Single-family loan volume rose 42.4% to \$1.03 billion, and condominiums grew by 31.7% to \$46.3 million.
- Regionally, all areas had higher total loan volume compared to the prior year period. Kodiak and Mat-Su reported the greatest percentage gains of 87.5% and 83.0% respectively.
- Anchorage's volume rose at the slowest rate with loans increasing 36.9%, from \$438.9 million to \$600.7 million.
- Volume in Fairbanks was up 49.2%, from \$85.2 million to \$127.1 million.

The number of loans was also significantly higher in every quarter of 1998 compared to a year ago. In all, lenders reported 15,119 loans in 1998, up from 9,808 in 1997. The number of loans for single-family homes climbed 54.6%, from 9,238 to 14,283, and the number of condominium loans grew 46.7%, from 570 to 836.

Single-Family Loan Activity Summary

Including AHFC, Selected Areas

1998

Table 1-1

Location	Number of Loans	Average Loan	Total Loans	% Loan Volume	Average Sales Price	Total Sales Price	% Total Market Value	
Anchorage	7,686	\$141,424	\$1,086,984,039	56.5%	\$175,653	\$1,350,070,373	56.1%	<i>Note: Based on survey of 14 private and public mortgage lenders.</i> <i>Source: Alaska Department of Labor, Research and Analysis Section.</i>
Mat-Su	1,639	\$116,593	\$191,095,262	9.9%	\$144,838	\$237,389,051	9.9%	
Fairbanks	1,755	\$120,916	\$212,207,154	11.0%	\$150,955	\$264,926,737	11.0%	
Kenai	1,087	\$113,896	\$123,805,436	6.4%	\$144,770	\$157,364,887	6.5%	
Juneau	771	\$153,576	\$118,407,270	6.2%	\$199,227	\$153,603,923	6.4%	
Ketchikan	258	\$147,405	\$38,030,565	2.0%	\$185,999	\$47,987,620	2.0%	
Kodiak	257	\$146,381	\$37,619,993	2.0%	\$176,597	\$45,385,495	1.9%	
Rest of State	830	\$140,696	\$116,777,881	6.1%	\$178,075	\$147,802,646	6.1%	
Statewide Total	14,283	\$134,771	\$1,924,927,600	100.0%	\$168,349	\$2,404,530,732	100.0%	



Condominium Loan Activity Summary

Including AHFC, Selected Areas

Table 1-2

1998

Note: Based on survey of 13 private and public mortgage lenders. Source: Alaska Department of Labor, Research and Analysis Section.	Location	Number of Loans	Average Loan	Total Loans	% Loan Volume	Average Sales Price	Total Sales Price	% Total Market Value
	Anchorage	703	\$88,302	\$62,076,074	87.4%	\$97,381	\$68,458,724	87.4%
	Mat-Su	11	\$146,245	\$1,608,700	0.0%	\$165,349	\$1,818,841	0.0%
	Fairbanks	31	\$83,221	\$2,579,847	2.8%	\$92,940	\$2,881,154	2.8%
	Kenai	15	\$95,878	\$1,438,175	0.5%	\$105,964	\$1,589,455	0.5%
	Juneau	60	\$100,809	\$6,048,541	5.6%	\$113,627	\$6,817,649	5.6%
	Ketchikan	4	\$96,638	\$386,550	2.2%	\$123,750	\$495,000	2.2%
	Kodiak	8	\$129,420	\$1,035,363	0.0%	\$143,394	\$1,147,155	0.0%
	Rest of State	4	\$68,873	\$275,493	1.5%	\$79,823	\$319,293	1.5%
	Statewide Total	836	\$101,173	\$75,448,743.0	100.0%	\$115,279	\$83,527,271	100.0%

Average Single-Family Sales Price Continues to Rise

Figure 1-1

Sustained demand for housing continues to drive the average sales price up. For the year, the overall average sales price rose 6.9% from \$157,897 in 1997 to \$164,565. The price of a single-family home increased 6.6% to \$164,565, while condominium prices jumped 10.4% to \$99,913.

During the second half of 1998, the statewide average price for single-family homes rose from \$158,212 in the 1997 period to \$168,131. Regionally, most areas reported higher sales prices for single-family homes during the second six months. For condominiums, the average sales price statewide rose 23.1% in the second half of 1998 to \$108,209.

- Home prices in Juneau fell .7% from the prior year, \$195,512 to \$194,058 from the prior year.
- The largest percentage gains were in Kenai (17.1%), Kodiak (16.9%) and Ketchikan (12.4%).
- With almost six out of seven loans, Anchorage dominates the condominium market and dictates the statewide performance.

Alaska's housing prices rose faster than the national average. Preliminary 1998 numbers from the National Association of Realtors (NAR), show the average price of a single-family home in the U.S. rising 5.6% to \$162,900.

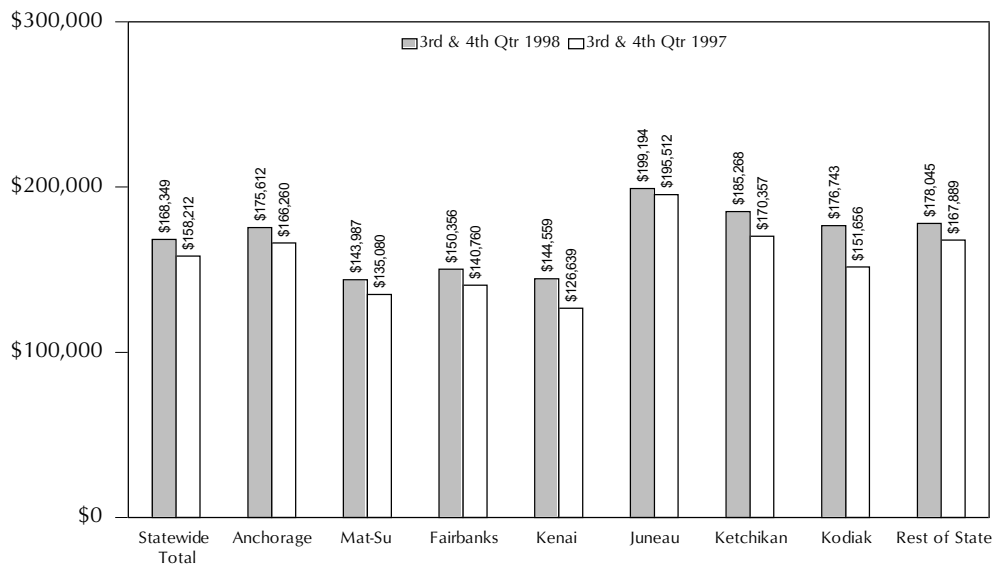
Single-family prices rose in all regions of the country. The West had the fastest growth, 6.7%, and the highest average price \$218,500. Other regional rates of increase were Midwest 6.0%, South 4.8% and Northeast 3.7%.

Average Sales Price

Single-Family Homes

3rd & 4th Qtr 1998 vs. 3rd & 4th Qtr 1997

Figure 1-1



Source: Alaska Department of Labor, Research and Analysis Section.

Note: The average sales price of a home is strongly influenced by extreme purchase prices.

Loan-to-Value Ratios and Third-Party Guarantees Decline

Figure 1-2

In 1998 buyers borrowed a smaller percentage of the sales price. The overall loan-to-value (LTV) ratio fell considerably, from 83.4% in 1997 to 80.4%. The single-family LTV ratio fell (83.2% to 80.1%), but condominiums' rate rose (88.4% to 90.3%).

In the last six months of 1998, the overall loan-to value (LTV) ratio dropped from the prior year second half, (84.3% to 80.9%). However, the rate for the last six months of 1998 was up from the first half by over one percentage point.

Lenders may require mortgage insurance if owner equity is less than 22 percent. Of the loans made in Alaska in the second half of 1998, 30.7% were insured or guaranteed by the Federal Housing Administration (FHA), Veterans Administration (VA), U.S. Department of Housing and Urban Development (HUD), or by private mortgage insurance (PMI).

Nationally, FHA, VA, and PMI guarantees were issued for 2.9 million mortgages. The bulk of the guarantees, 49%, were issued through private mortgage insurance. HUD-FHA insured 38% of the 2.9 million mortgages. The remaining mortgages, 13%, were insured by the Veterans Administration.

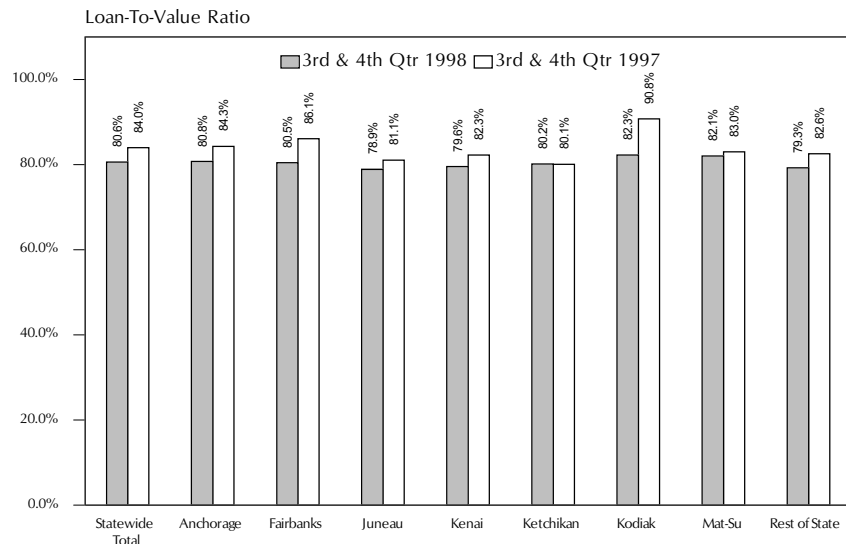
Average Loan-to-Value Ratios

Single-Family Homes

3rd & 4th Qtr 1998 vs. 3rd & 4th Qtr 1997

Figure 1-2

Source: Alaska Department of Labor,
Research and Analysis Section.



All Lenders Report Drops in Interest Rates

Statewide, the overall average interest rate, weighted by dollar loan volume, fell from 7.38% in the second half of 1997 to 6.69% in the last half of 1998. Interest rates dropped for single-family homes (7.40% to 6.69%) and condominiums (7.05% to 6.57%). Interest rates continued to fall in the second half of 1998, reaching 6.51%.

All lenders reported a drop in interest rates from the prior year. AHFC rates averaged 5.93% for the last six months of 1998, nearly a full percentage point lower than non-AHFC loans which averaged 6.90%. AHFC's rate was lower due to the variety of special programs it offers to potential homebuyers, such as the tax-exempt First-time Homebuyer, veteran's and interest-rate reduction programs. Nationally, in 1998, mortgage interest rates fell to a 30 year low, dropping to 6.49% in October. Rates ended the year at 6.75%.

The downward trend in interest rates is being linked to the performance of the national economy. America has enjoyed one of the longest peacetime economic expansions since post-World War II. Recently, however, the Federal Reserve has hinted that it may raise its lending rate amid concerns about inflation. This action may drive interest rates higher.

Wage Income Increases Marginally

Figure 1-3

Wage growth slowed in the second half of 1998. During the first half, the average monthly wage increased 2.1% from the year-ago period. Monthly wages during the second half of 1998 averaged \$2,775, an increase of only \$4 from the prior year period. For the year, wages rose 1.2%, from \$2,727 in 1997 to \$2,761 in 1998.

The flattening of wage growth toward the end of 1998 may signal weakening employment and wage performance in 1999. The proposed merger of BP Exploration and ARCO will likely lead to more employment losses as the two companies eliminate duplicative functions and consolidate contractors. The drop in oil prices and production also means less revenue for the State of Alaska resulting in pressure for cuts in state government employment.

These and other economic factors could trigger losses in construction, manufacturing, and federal and local government employment. Recent projections by the Alaska Department of Labor indicate that overall annual employment growth will fall well below one percent through the year 2000, with possible gains in the services, transportation, trade, and finance industries. Many of the industries where employment losses are expected pay higher-than-average wages. These losses will make wage growth difficult to sustain.

Homes Become more Affordable for Alaskans

Figure 1-4

Pulled by lower interest rates, the Alaskan affordability index improved in the second half of 1998 compared to the prior year period, meaning houses became more affordable. The preliminary statewide affordability index for single-family homes edged down to 1.38 in 1998 from 1.40 in 1997. This meant that to qualify for a 30-year, single-family home mortgage with 15 percent down and an interest rate of 6.69%, households needed less than 1.5 earners receiving the average monthly wage of \$2,761.

Regionally, Anchorage was ranked as the most affordable housing market in the west for the fourth quarter of 1998. According to the National Association of Home Builders, 88.1% of the homes sold in Anchorage during the last three months of 1998 were affordable to households earning the area's median income of \$59,200. Nationally, Anchorage ranks as the sixth most affordable housing market.

Average Monthly Wage

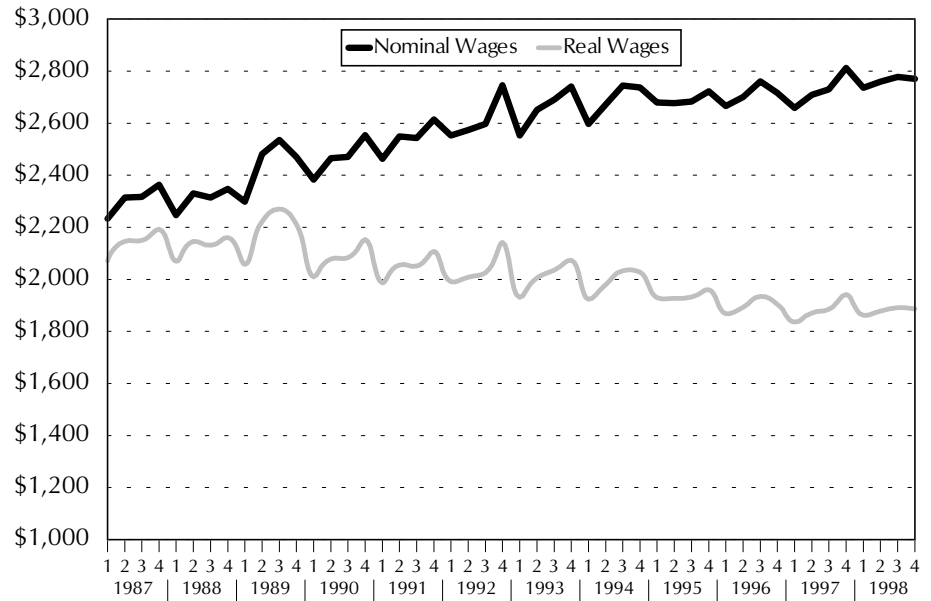
Statewide

1st Qtr 1987 - 4th Qtr 1998

Figure 1-3

Note: Nominal wages are wages that are not adjusted for inflation. Real wages are adjusted for inflation. Data for the 4th Qtr. are preliminary.

Source: Alaska Department of Labor, Research and Analysis Section.



Alaska Affordability Index*

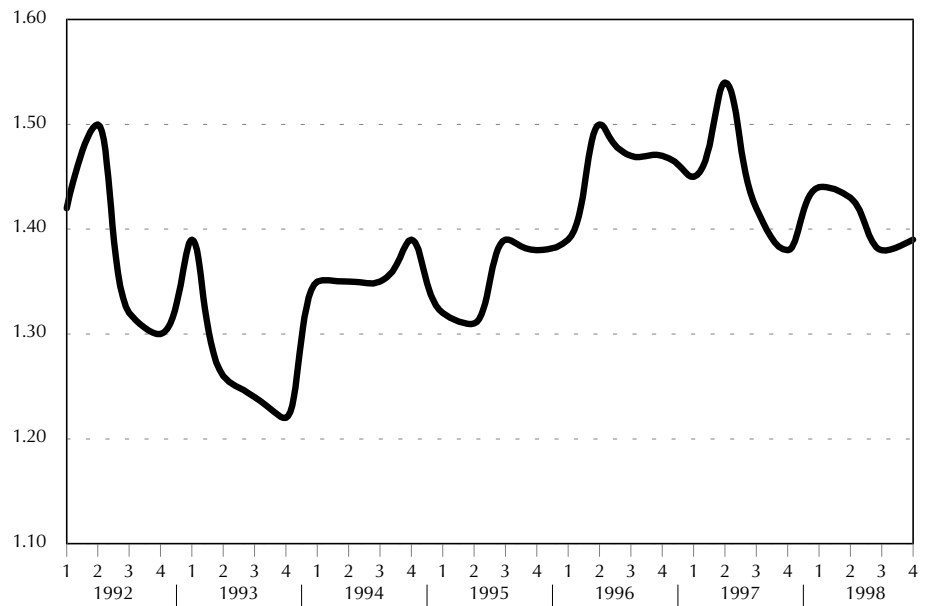
Single-Family Homes, Private and Public Agency Lenders

1st Qtr 1992 - 4th Qtr 1998

Figure 1-4

*Note: The Affordability Index is the number of earners needed to qualify for an 85% mortgage at an underwriting standard of 24% for principal and interest only. Contrary to other common indexes, this one decreases when affordability improves and increases when affordability declines. Therefore, a smaller affordability index or a decrease is always more favorable to buyers. Data for the 4th Quarter 1998 is preliminary.

Source: Alaska Department of Labor, Research and Analysis Section.



National Affordability Improves

Lower interest rates and higher incomes translated into an improved national affordability index. This index, compiled by the National Association of Realtors' (NAR), is calculated differently from the state index. A value of 100 in this national index means that a family with the median income has exactly enough income to qualify for a mortgage loan on a median-priced home, assuming a 20 percent down payment. An increase in the index shows that this family is more able to afford the home.

This national index rose from 129.5 in 1997 to a preliminary value of 135.0 in 1998. A 5.2% increase in the median home price (from \$124,100 in 1997 to \$130,600 in 1998) was more than offset by the 4.1% increase in median family income (\$43,920 to \$45,735) and lower interest rates (7.68% to 7.10%).

Quarterly Survey of Alaska Lenders Historical Data Tables Available on the Internet

Readers can obtain up-to-date historical data from the *Quarterly Survey of Alaska Lenders* on the Alaska Housing Finance Corporation's Web Page under the "Download" section. The address for the page is www.ahfc.state.ak.us.

The historical data tables cover loan activity for single-family homes and condominiums from seven Alaska communities and the entire state.

Section 2

AHFC Residential Loan Portfolio

AHFC's Loan Portfolio Activity Increases

Figures 2-1 and 2-2

Last year, AHFC reported a substantial increase in loan activity. The strong Alaskan economy and favorable interest rates drove AHFC loan volume to \$428 million. The loan volume increased 58% over 1997 activity, while the number of loans grew 47% to 3,422.

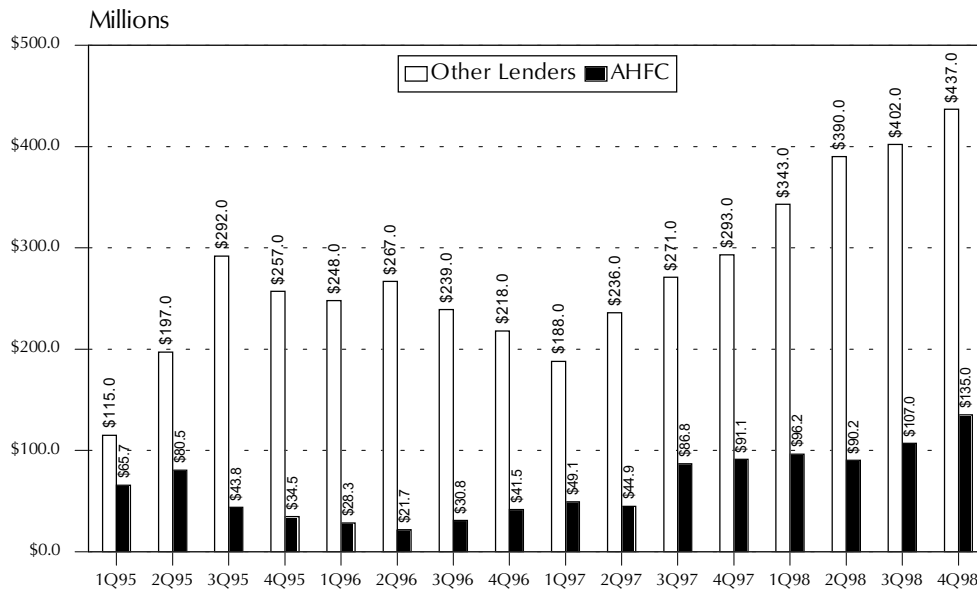
- From 1997 to 1998, single-family home loan volume increased 57%, from \$250 million to \$393 million, while condominium volume grew by 51%, from \$23 million to \$35 million.
- Non-AHFC lenders reported slightly faster growth, with loan volume jumping 59%, from \$987 million in 1997 to \$1,572 million in 1998.
- One out of every five single-family loans and over half of all condominium loans were made by AHFC.

Dollar Volume of AHFC Loans By Total Loan Volume

Single-Family Homes and Condominiums

1st Qtr 1995 through 4th Qtr 1998

Figure 2-1



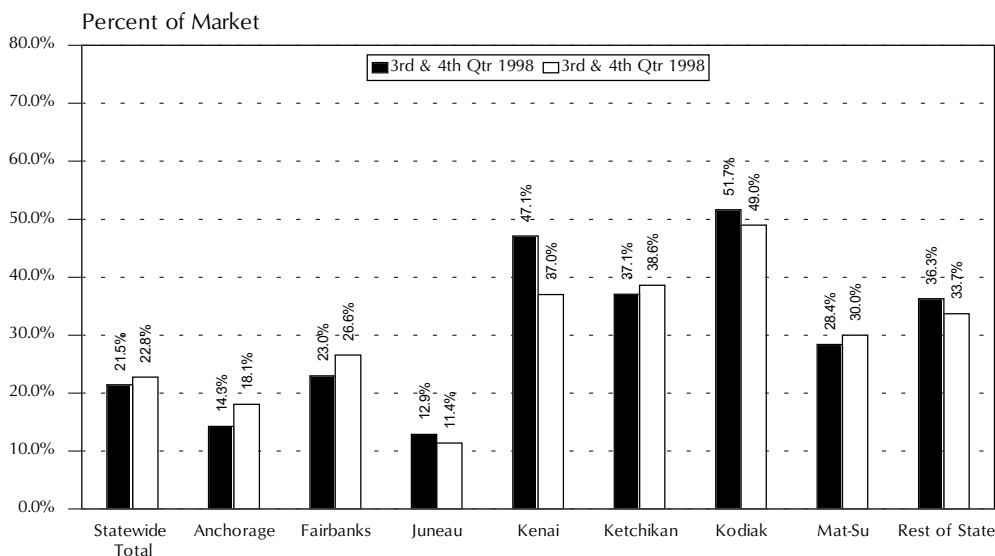
Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

AHFC Market Share of Single-Family Homes

Based on Dollar Loan Volume

3rd and 4th Qtr 1998 vs. 3rd and 4th Qtr 1997

Figure 2-2



Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

- Recent statutory changes in the rural loan portfolio benefited Kenai which reported the highest percentage increase in AHFC loans (108%).
- Anchorage and Ketchikan reported the weakest gains at 33 percent.
- Fifty-seven percent of AHFC loans in 1998 went to the Anchorage-MatSu region; 13% to Fairbanks.
- The overall average interest rate, weighted by dollar volume, was 6.0% for AHFC loans, down from 6.7% in 1997.
- Sales volume for AHFC loans expanded 60% from 1997 to \$479 million.

AHFC's Rural Portfolio Gains Ground

Figures 2-3 and 2-4

A HFC's residential loans can be categorized geographically by urban and rural portfolios. During 1998, both types of loans grew significantly when compared to the prior year.

- The urban portfolio accounted for over three-fourths (77%) of the total loan volume during 1998, down from 83% in 1997.
- The urban portfolio volume rose 46.2%, from \$224 million in 1997 to \$328 million in 1998.
- Anchorage loans made up 59% of the urban portfolio.
- The number of loans in the rural portfolio doubled, pumping volume up 112%, from \$48 million to \$101 million.

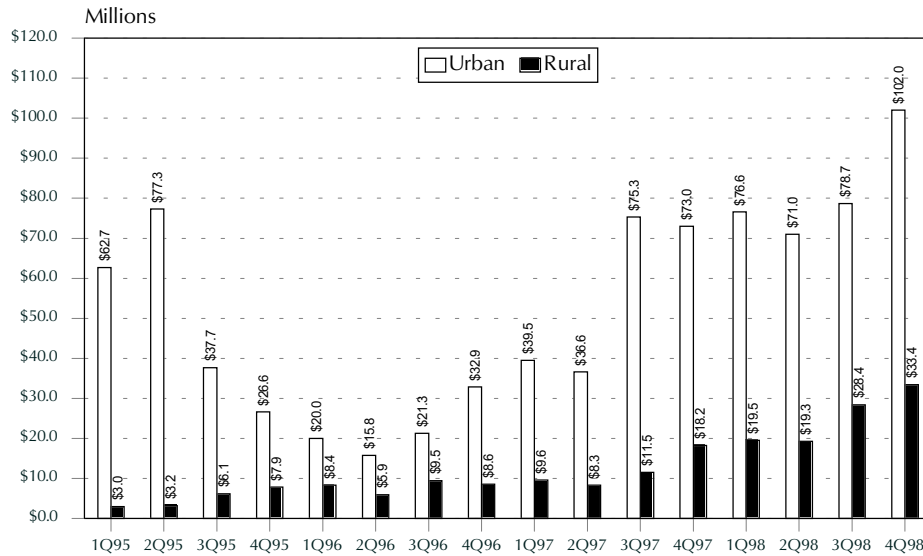
Average single-family sales prices continued to be higher for rural loans (\$166,707) than for urban loans (\$143,073). Compared to the prior year, prices rose faster in urban Alaska, (7.3%) than in rural (4.8%). The rate of growth in both areas increased from 1997 when prices were up 5.1% (urban) and 2.9% (rural).

AHFC Dollar Volume of Urban and Rural Loans

Statewide

1st Qtr 1995 through 4th Qtr 1998

Figure 2-3



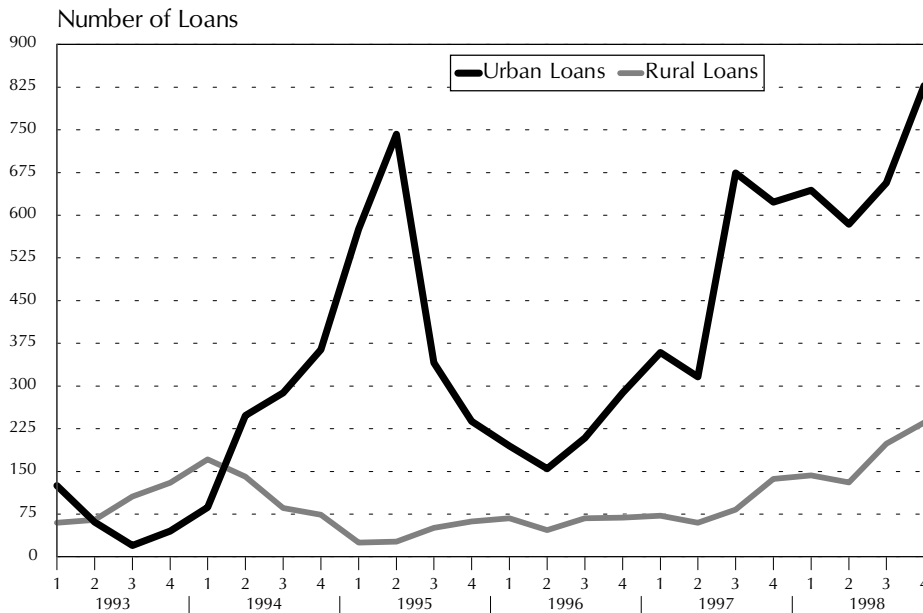
Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

AHFC Loans Purchased

Urban vs. Rural

1st Qtr 1993 - 4th Qtr 1998

Figure 2-4



Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

Average Sales Prices and Loan Amounts

Table 2-1, Figure 2-5

During 1998, overall AHFC sales prices averaged \$140,026—8.3% higher than the prior year's \$129,264. Single-family homes averaged \$148,721, up 8.7% from \$136,849 in 1997, while condominium sales prices rose from \$78,152 to \$83,329, or 6.6%.

The average AHFC loan was \$125,187, 7.1% above the prior year's average of \$116,927. The average single-family loan rose 7.3% to \$132,548, while condominium loans averaged \$77,182, up 6.8%. Non-AHFC single-family loans averaged \$135,349.

In terms of house purchase price, the bulk of AHFC's activity occurred for home purchases under \$140,000. In this range, AHFC recorded 2,224 loans valued at \$214 million. Higher priced homes gained greater loan volume, \$216 million, but total number of loans was considerably less at 1,198.

First-time home purchases drove the AHFC portfolio – 62% of total loans. Over 70% of the first-time home purchases, 2,224, were for homes priced under \$140,000. As the price of a home increases, it quickly rises out of reach of the first-time homebuyer. Program qualification and income restrictions make ownership of these homes a challenging proposition for the first-time buyer. Alaska realtors have suggested that the majority of home purchases over \$160,000 are from previous homeowners, who are selling their home and using their earnings to upgrade.

Price Range Summary AHFC Condominium and Single-Family Loans

Table 2-1

1998

Note: "First-time homebuyer" defines how many homes were purchased by first-time homebuyers.

Source: Alaska Housing Finance Corporation, 1998

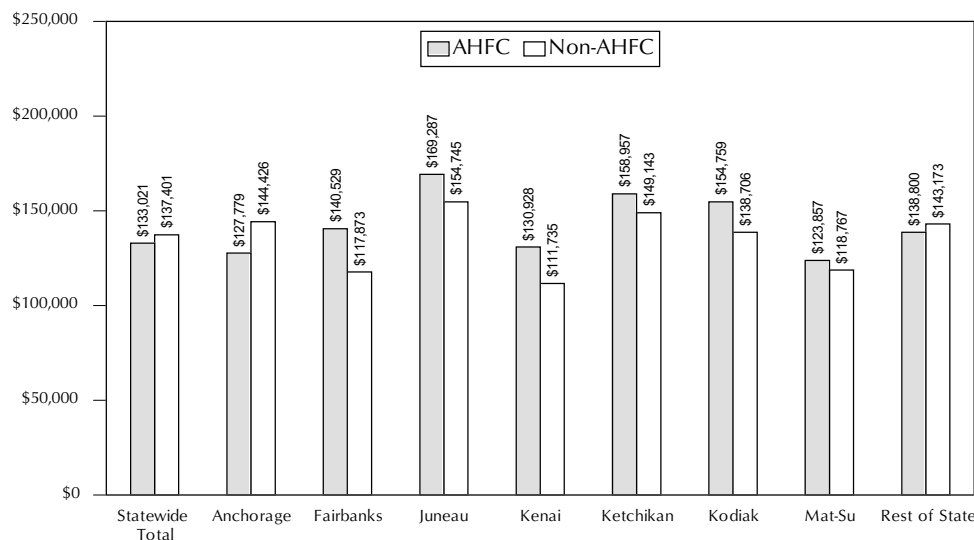
House Purchase Price Range	Number of Loans	Avg Monthly Income of Buyer	Median Total Purchase Price	Average Loan-To-Value Ratio	Number of First-Time Homebuyers	Total Loan Volume
Less Than \$80,001	523	\$2,936	\$66,816	85.8	438	\$32,921,100
\$80,001 - 120,000	1,264	\$3,618	\$100,496	92.2	996	\$126,943,000
\$120,001 - 140,000	437	\$4,693	\$129,390	91.3	254	\$56,425,100
\$140,001 - 160,000	516	\$5,216	\$151,028	92.1	286	\$77,400,300
\$160,001 - 180,000	263	\$6,474	\$169,568	90.0	70	\$44,529,000
\$180,001 - 200,000	178	\$6,935	\$188,768	92.9	41	\$33,618,900
\$200,001 - 220,000	120	\$7,954	\$205,704	91.4	16	\$24,869,800
Greater Than \$220,000	121	\$11,079	\$248,982	84.0	6	\$31,682,000

AHFC and Non-AHFC Average Loan Amounts

Single-Family Homes

4th Qtr 1998

Figure 2-5



Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

AHFC Homebuyers Earned 60-79% of Median Income

Table 2-2

Median family income refers to the total amount of income that a family of four typically earns yearly. This income figure is updated annually by the U.S. Department of Housing and Urban Development and is used to determine, among other things, if homebuyers qualify for certain tax-exempt mortgage programs. For 1998, the state of Alaska median family income is \$59,200 or \$4,966 a month.

In 1998, the majority of single-family and condominium loans originated by AHFC were for borrowers that earned 100% or less of median family income. Homebuyers earning less than 100% accounted for 60% of the total 3,422 mortgages in AHFC's portfolio in 1998.

- Borrowers who earned 100% -119% of median family income purchased homes with a median price of \$136,764.
- The greatest amount of loan volume activity, \$84 million, occurred for homebuyers who earned 160% or greater of median family income. The median purchase price of a home for these borrowers was \$180,000.

Income Summary

AHFC Condominium and Single-Family Loans

Table 2-2

1998

Note: "First-time homebuyer" defines how many homes were purchased by first-time homebuyers. Not all mortgage cases were available for this analysis

Source: Alaska Housing Finance Corporation, 1998

Monthly Income	State Median Family Income	Number of Loans	Median Purchase Price	Average Loan-To-Value Ratio	Number of First-Time Homebuyers	Total Loan Volume
Less than \$899	Less Than 20%	0	\$0	0.0	0	\$0
\$899 - \$1795	20 - 39%	82	\$54,542	78.0	77	\$4,663,652
\$1796 - \$2694	40 - 59%	520	\$84,302	88.7	456	\$43,337,900
\$2695 - \$3592	60 - 79%	789	\$103,905	94.0	682	\$82,107,900
\$3593 - \$4490	80 - 99%	647	\$120,435	93.8	488	\$78,402,300
\$4491 - \$5389	100 - 119%	450	\$136,764	91.4	226	\$60,889,900
\$5390 - \$6287	120 - 139%	263	\$156,219	90.6	81	\$40,485,200
\$6288 - \$7184	140 - 159%	210	\$163,641	87.5	43	\$33,582,500
\$7185 and Up	160% and Up	457	\$180,000	85.4	54	\$84,249,200

Median Price of Single-Family Homes and Condominiums

Figure 2-6

Median sales prices in 1998 rose for single-family homes with and without garage and for condominiums compared to the prior year.

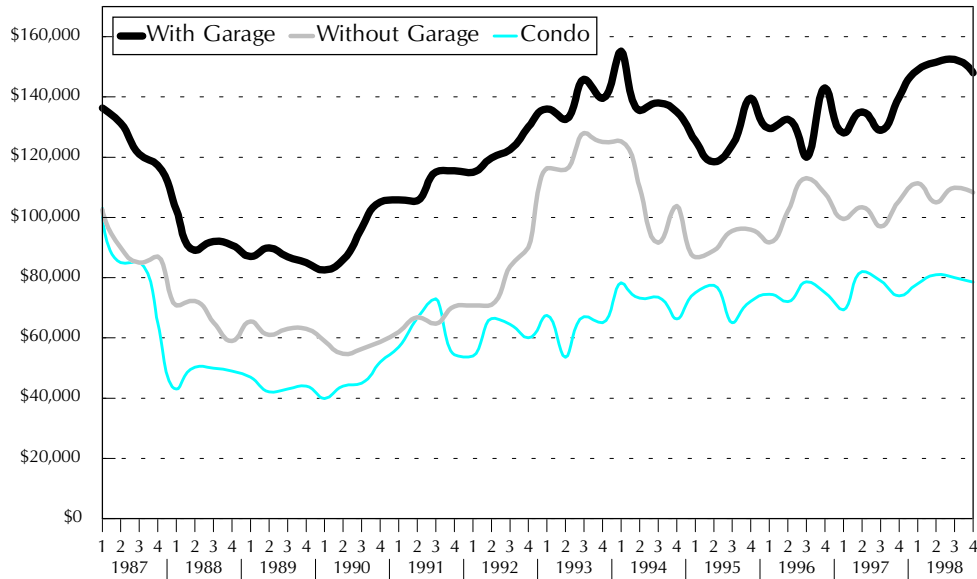
- For single-family homes with garage, the median price increased 11.9%, from \$134,000 to \$150,000. Costs were higher for both the structural and land components. The structure value, about 78 percent of the total cost, rose 9.5%, with land value up 6.7%. In 1998, the average price per square foot, based on structural cost only, was \$83.60 for homes with garage compared to \$79.32 in 1997.
- The price of a single-family home without garage rose 8.0%, from \$100,000 to \$108,000. The structural component, representing 71.5% of the total cost, increased 5.8%, and the land component rose 7.7%. The average price per square foot was \$73.36 in 1998 versus \$70.38 in 1997.
- Condominium prices had the smallest gains, rising 5.7%, from \$75,000 to \$79,486.

Median Purchase Price of Homes and Condominiums

AHFC Single-Family Homes with/without Garage and Condominiums

1st Qtr 1987 - 4th Qtr 1998

Figure 2-6



Note: Reflects total AHFC urban and rural loans beginning 3rd Qtr 1992. Prior to 3rd Qtr 1992 only urban loans shown.

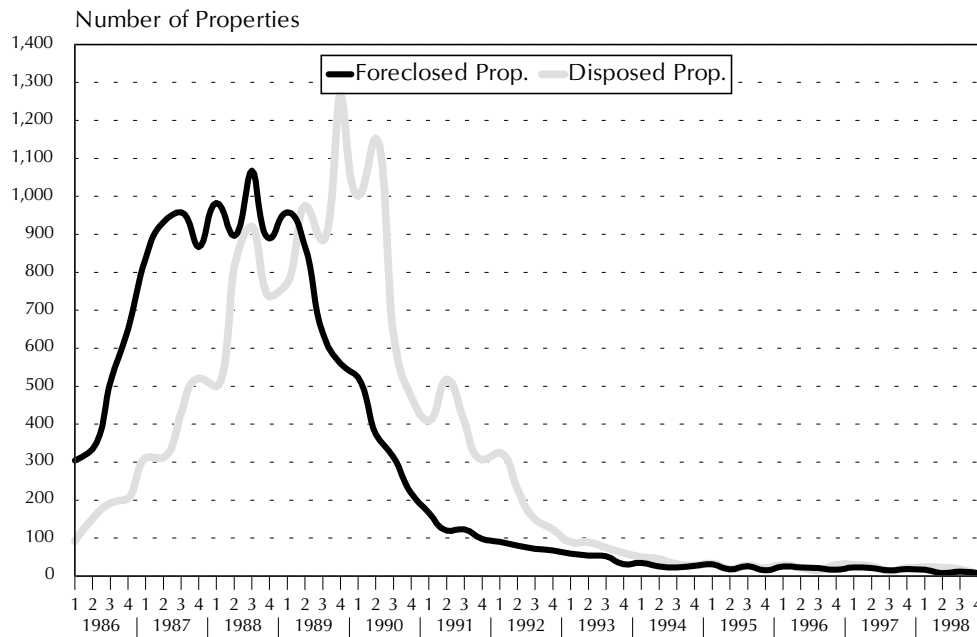
Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

AHFC Foreclosures and Disposals

Statewide

1st Qtr 1986 through 4th Qtr 1998

Figure 2-7



Source: Alaska Housing Finance Corporation.

AHFC Foreclosures, Disposals and REO Inventory

Figure 2-7

A HFC foreclosure, disposal and REO activity continues to remain low. In 1998, AHFC recorded even fewer foreclosures and disposals than in 1997. Foreclosures fell from 76 in 1997 to 45 in 1998, while disposed properties dropped from 90 to 69. AHFC's real estate owned (REO) inventory of all property types dropped from 33 in December 1997 to 9 in December 1998.

Section 3

Alaska Multiple Listing Service Information

MLS Activity Up in 1998

Tables 3-1 to 3-6

Overall Multiple Listing Service (MLS) activity in Anchorage, Fairbanks, Mat-Su and the Upper Kenai Peninsula hit \$921.9 million in 1998. 1998 activity was up 14.2% from 1997. Total number of sales rose 7.8%, from 5,774 to 6,227. Active listings grew 3.6% while average days-on-the-market fell by 12 days to 106.

For single-family homes, total sales volume rose from \$739.7 million in 1997 to \$844.3 million. The number of sales increased 7.3% to 5,354, and the average price was up 6.8% to \$157,700. Listings rose 4.4%, and days-on-the-market fell 10 days to 107. Sales increased in every surveyed area except Kenai.

- Kenai recorded declines of 8 percent in both the number of sales and sales volume and an increase of 8 percent in the number of active listings. Despite these movements, the average sales price nudged upwards 0.2%.
- Nearly two-thirds of the reported single-family sales occurred in Anchorage, accounting for 71% of the dollar volume. Anchorage sales increased 5 percent from 1997, with volume up 10.6%.
- MatSu had the strongest sales growth with the number of single-family sales up 24.4% to 947 and volume up 38.2% to \$129.5 million.
- In Fairbanks, the number of sales rose only 3.8% to 653, but volume increased 17.5% to \$87.4 million. Prices increased an average of 13.2%, the most of any of the surveyed areas, reaching \$133,819.
- Single-family home prices averaged \$169,939 in Anchorage and \$136,776 in Mat-Su, up 5.3% and 11.1%, respectively, from 1997.

Complete data for condominiums were only available for Anchorage. Anchorage condominium sales grew more than twice as fast as sales of single-family homes. The number of sales rose 11.5% to 873, and sales volume increased 15.1% to \$77.6 million. The average price rose 3.2% to \$88,872.

Municipality of Anchorage

Single-Family Residential Listings and Sales

Table 3-1

1st Qtr 1994 through 4th Qtr 1998

Source: Anchorage Multiple Listing Service.

Qtr/Yr	Active Listings			Sales Closed		
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)
4Q1998	4,419	1,027	101	967	164,653,464	170,272
3Q1998	3,392	1,283	89	1,058	184,632,210	174,511
2Q1998	2,109	1,179	90	851	142,788,756	167,789
1Q1998	930	930	108	676	110,483,046	163,436
4Q1997	4,537	925	116	897	145,247,808	161,926
3Q1997	3,612	1,212	108	1,069	174,426,311	163,168
2Q1997	2,400	1,326	98	846	133,806,815	158,164
1Q1997	1,074	1,074	120	569	91,134,000	160,165
4Q1996	4,405	995	105	799	125,108,297	156,581
3Q1996	3,410	1,264	98	861	133,201,533	154,706
2Q1996	2,146	1,198	91	837	132,573,864	158,392
1Q1996	948	948	105	521	80,345,780	154,215
4Q1995	4,213	1,055	86	683	102,957,448	150,743
3Q1995	3,158	1,231	74	824	124,030,339	150,522
2Q1995	1,927	1,069	71	663	102,995,479	155,348
1Q1995	858	858	83	674	91,268,540	135,413
4Q1994	4,521	1,130	128	712	102,721,276	144,271
3Q1994	3,391	1,417	99	753	118,103,522	156,844
2Q1994	1,974	1,154	66	648	109,685,511	169,268
1Q1994	820	820	93	601	86,154,566	143,352

Municipality of Anchorage

Condominium Listings and Sales

Table 3-2

1st Qtr 1994 through 4th Qtr 1998

Source: Anchorage Multiple Listing Service.

Qtr/Yr	Active Listings			Sales Closed		
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)
4Q1998	1,306	325	108	253	23,812,789	94,122
3Q1998	981	398	88	222	20,243,950	91,189
2Q1998	583	310	87	218	19,056,517	87,415
1Q1998	273	273	101	180	14,472,170	80,401
4Q1997	1,317	279	135	229	20,745,990	90,594
3Q1997	1,038	363	118	183	15,730,319	89,958
2Q1997	675	368	109	225	19,660,983	87,382
1Q1997	307	307	119	146	11,281,574	77,271
4Q1996	1,187	281	106	152	11,985,178	78,850
3Q1996	906	335	95	185	15,564,410	84,132
2Q1996	571	318	94	202	16,783,791	83,088
1Q1996	253	253	105	123	9,878,848	80,316
4Q1995	1,367	298	161	130	11,245,110	86,501
3Q1995	1,069	362	131	150	12,507,000	83,380
2Q1995	707	366	144	144	11,053,698	76,762
1Q1995	341	341	147	151	13,135,459	86,990
4Q1994	1,373	399	126	173	13,156,701	76,050
3Q1994	974	388	91	133	9,772,033	73,474
2Q1994	586	343	112	141	11,532,233	81,789
1Q1994	243	243	136	114	9,061,221	79,484

Kenai Peninsula Borough

Single-Family Residential Listings and Sales

1st Qtr 1994 through 4th Qtr 1998

Table 3-3

Active Listings				Sales Closed			
Qtr/Yr	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
4Q1998	1,040	253	126	67	8,020,151	119,704	N/A
3Q1998	787	304	119	56	7,152,300	127,720	N/A
2Q1998	483	286	158	46	5,651,892	122,867	N/A
1Q1998	197	197	197	33	4,030,937	122,150	N/A
4Q1997	961	189	170	47	6,933,237	147,516	N/A
3Q1997	772	246	165	84	11,021,404	131,207	98.79
2Q1997	526	278	159	48	5,014,750	104,474	96.37
1Q1997	248	248	166	41	4,050,279	98,787	95.82
4Q1996	1,111	198	121	59	5,988,609	101,502	N/A
3Q1996	913	313	169	85	8,503,029	100,036	96.10
2Q1996	600	331	169	85	8,861,408	104,252	97.11
1Q1996	269	269	177	56	5,581,755	99,674	93.43
4Q1995	1,090	280	173	98	9,784,317	99,840	96.12
3Q1995	810	298	149	99	8,547,032	86,334	96.29
2Q1995	512	276	182	89	9,022,900	101,381	97.29
1Q1995	236	236	198	47	4,777,700	101,653	95.29
4Q1994	1,106	255	173	78	6,999,688	89,740	96.08
3Q1994	851	313	144	98	9,570,665	97,660	96.48
2Q1994	538	305	142	97	9,487,241	97,807	97.10
1Q1994	233	233	177	91	8,398,078	92,287	96.25

Note: Average days on market are for sales closed and not for listings.

Source: Kenai Peninsula Board of Realtors.

Matanuska-Susitna Borough

Single-Family Residential Listings and Sales

1st Qtr 1994 through 4th Qtr 1998

Table 3-4

Active Listings				Sales Closed			
Qtr/Yr	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
4Q1998	2,190	487	128	271	39,435,862	145,520	98.91
3Q1998	1,703	606	110	312	42,912,187	167,621	98.40
2Q1998	1,097	657	105	238	31,533,734	132,495	98.58
1Q1998	440	440	105	126	15,645,332	124,169	98.49
4Q1997	1,828	370	127	203	26,182,535	128,978	97.54
3Q1997	1,458	489	108	249	31,259,100	125,539	97.90
2Q1997	969	539	104	195	23,271,365	119,340	97.27
1Q1997	430	430	116	114	13,013,079	114,150	97.33
4Q1996	2,072	405	135	176	20,265,296	115,144	97.12
3Q1996	1,667	615	113	186	20,179,075	108,490	97.86
2Q1996	1,052	621	105	167	18,170,905	108,808	98.05
1Q1996	431	431	116	78	8,260,356	105,902	96.53
4Q1995	1,734	390	125	155	15,831,229	102,137	97.70
3Q1995	1,344	466	112	179	17,161,288	95,873	97.16
2Q1995	878	481	111	119	11,407,645	95,863	97.66
1Q1995	397	397	114	114	11,145,209	97,765	97.08
4Q1994	1,639	363	117	148	14,082,250	95,150	97.20
3Q1994	1,276	497	98	170	16,492,382	97,014	96.71
2Q1994	779	486	90	151	15,465,607	102,421	96.63
1Q1994	293	293	119	110	10,310,145	93,729	97.38

Note: Matanuska-Susitna includes condominiums in quarterly residential sales data. These sales account for a very small proportion of overall activity.

Source: Valley Board of Realtors Multiple Listing Service.

Fairbanks North Star Borough

Single-Family Residential Listings and Sales

Table 3-5

1st Qtr 1994 through 4th Qtr 1998

Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listings. Sales and listing activity reported in previous issues may be revised to include data received after the previous issue publication.

Source: Greater Fairbanks Board of Realtors Multiple Listing Service.

Qtr/Yr	Active Listings			Sales Closed		
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)
4Q1998	N/A	N/A	123	193	25,917,514	134,287
3Q1998	N/A	N/A	114	227	32,058,342	141,226
2Q1998	492	269	116	152	20,270,015	133,355
1Q1998	223	223	N/A	81	9,137,997	112,815
4Q1997	N/A	N/A	N/A	170	19,465,850	114,505
3Q1997	N/A	N/A	N/A	187	21,648,055	115,765
2Q1997	N/A	N/A	N/A	191	24,577,689	128,679
1Q1997	N/A	N/A	N/A	81	8,668,215	107,015
4Q1996 (est)	934	232	84	170	19,465,850	114,505
3Q1996	702	281	72	193	21,653,398	112,193
2Q1996	421	257	80	173	18,635,537	107,719
1Q1996	164	164	96	113	11,872,963	105,070
4Q1995	787	183	89	153	15,733,821	102,835
3Q1995	604	253	64	201	21,760,251	108,259
2Q1995	351	208	63	175	19,147,942	107,572
1Q1995	143	143	85	138	15,263,504	110,605
4Q1994	916	318	79	186	18,285,120	98,307
3Q1994	598	275	61	221	22,694,773	102,691
2Q1994	323	222	61	166	17,589,109	105,958
1Q1994	101	101	84	139	14,087,103	101,346

Fairbanks North Star Borough

Condominiums and Townhouse Listings and Sales

Table 3-6

1st Qtr 1994 through 4th Qtr 1998

Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listings. Sales and listing activity reported in previous issues may be revised to include data received after the previous issue publication.

Source: Greater Fairbanks Board of Realtors Multiple Listing Service.

Qtr/Yr	Active Listings			Sales Closed		
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)
4Q1998	N/A	N/A	162	15	1,097,250	73,150
3Q1998	N/A	N/A	82	18	1,366,900	75,939
2Q1998	N/A	N/A	140	7	478,424	68,346
1Q1998	(Data not available from Fairbanks MLS due to computer problems.)					
4Q1997	(Data not available from Fairbanks MLS due to computer problems.)					
3Q1997	(Data not available from Fairbanks MLS due to computer problems.)					
2Q1997	(Data not available from Fairbanks MLS due to computer problems.)					
1Q1997	(Data not available from Fairbanks MLS due to computer problems.)					
4Q1996 (est)	57	15	90	13	819,169	63,013
3Q1996	42	17	48	24	1,419,266	59,136
2Q1996	25	16	49	23	1,496,616	65,070
1Q1996	9	9	238	7	463,700	66,242
4Q1995	68	7	158	14	930,500	66,464
3Q1995	61	19	137	14	1,092,100	78,007
2Q1995	42	22	63	18	1,217,700	67,650
1Q1995	20	20	84	9	683,250	75,916
4Q1994	62	22	45	11	742,700	67,518
3Q1994	40	16	61	15	1,034,500	68,966
2Q1994	24	16	91	16	959,000	59,937
1Q1994	8	8	68	16	909,900	56,868

Section 4

New Alaska Housing Units

Permitting Activity Up in 1998

Table 4-1, Figures 4-1 to 4-4

Statewide, the number of new housing units authorized rose 11.3% in 1998, with respondents to the statewide building permits survey of local governments reporting 3,682 new units in 1998 compared to 3,307 in 1997. Spurred by low interest rates, faster employment growth and record low unemployment, the 1998 total was the highest in 13 years. Activity in the Mat-Su Borough, up 392 units or 61 percent, drove the increase. In all, 12 areas permitted more units and 11 areas permitted fewer units in 1998 than 1997. Two areas, Aleutians East Borough and Southeast Fairbanks, reported no activity in either year.

(continued on page 43)

New Housing Units by Type of Structure

For Places Reporting Data, Comparison with 1997 Permit Data

4th Qtr 1998 vs. 4th Qtr 1997 and Year-to-Date

Table 4-1

Place	Total New Units				Single Family				Multi-Family				Mobile Home			
	4Qtr '98	4Qtr '97	YTD '98	YTD '97	4Qtr '98	4Qtr '97	YTD '98	YTD '97	4Qtr '98	4Qtr '97	YTD '98	YTD '97	4Qtr '98	4Qtr '97	YTD '98	YTD '97
Aleutians East Borough																
Akutan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cold Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
King Cove	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sand Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aleutians West Census Area																
Atka	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. George	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. Paul	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unalaska	2	0	11	17	2	0	10	5	0	0	0	12	0	0	1	0
Anchorage, Municipality of																
Anchorage	281	179	1,653	1,428	177	143	1,163	1,042	89	27	437	314	15	9	53	72
Bethel Census Area																
Akiachak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aniak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bethel	0	7	24	34	0	3	24	23	0	3	0	9	0	1	0	2
Chuathbaluk	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Eek	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodnews Bay	0	0	2	0	0	0	0	0	0	0	2	0	0	0	0	0
Kwethluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lower Kalskag	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Napaskiak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nunapitchuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Platinum	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Quinhagak/Toksook Bay	1	1	5	1	1	1	5	1	0	0	0	0	0	0	0	0
Bristol Bay Borough																
Bristol Bay	1	0	10	7	1	0	10	7	0	0	0	0	0	0	0	0
Dillingham Census Area																
Clark's Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dillingham	0	1	9	28	0	1	9	4	0	0	0	24	0	0	0	0
Ekwok	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Manokotak	0	0	1	78	0	0	1	78	0	0	0	0	0	0	0	0
Togiak	0	0	16	1	0	0	16	1	0	0	0	0	0	0	0	0
Fairbanks North Star Borough																
North Pole	1	7	9	29	1	7	5	29	0	0	0	0	0	0	4	0
Balance of Borough	55	25	237	184	29	16	159	147	26	9	78	37	0	0	0	0
Haines Borough																
Balance of Borough	0	0	11	5	0	0	11	5	0	0	0	0	0	0	0	0
Haines City	1	2	8	8	1	2	8	8	0	0	0	0	0	0	0	0
Juneau Borough																
Juneau	38	21	151	221	31	16	123	107	2	2	16	97	5	3	12	17
Kenai Peninsula Borough																
Homer	6	4	23	29	6	4	23	27	0	0	0	2	0	0	0	0
Kenai	3	4	46	38	3	4	46	36	0	0	0	2	0	0	0	0
Seward	0	1	9	6	0	1	9	6	0	0	0	0	0	0	0	0
Seldovia	1	0	2	4	1	0	2	4	0	0	0	0	0	0	0	0
Soldotna	5	2	24	36	5	2	18	28	0	0	6	8	0	0	0	0
Ketchikan Gateway Borough																
Ketchikan City	9	0	18	0	9	0	17	0	0	0	1	0	0	0	0	0
Balance of Borough	0	7	19	34	0	3	19	24	0	4	0	8	0	0	0	2

Note: Mat-Su reported 868 housing units authorized in 1998 and 505 in 1997. Since Mat-Su only reported data annually, quarterly tabulation of the permits is not provided.

Source: Alaska Department of Labor, Research and Analysis Building-Permit Survey; Fairbanks Community Research Center; Municipality of Anchorage.

New Housing Units by Type of Structure -cont.

For Places Reporting Data, Comparison with 1997 Permit Data

Table 4-1 cont.

4th Qtr 1998 vs. 4th Qtr 1997 and Year-to-Date

Place	Total New Units				Single Family				Multi-Family				Mobile Home			
	4Qtr '98	4Qtr '97	YTD '98	YTD '97	4Qtr '98	4Qtr '97	YTD '98	YTD '97	4Qtr '98	4Qtr '97	YTD '98	YTD '97	4Qtr '98	4Qtr '97	YTD '98	YTD '97
Kodiak Island Borough																
Akhiok	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kodiak City	20	15	67	44	18	6	58	27	2	8	2	12	0	1	7	5
Old Harbor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Port Lions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lake & Peninsula Borough																
Newhalen	0	0	0	8	0	0	0	8	0	0	0	0	0	0	0	0
Nondalton	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Port Heiden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Matanuska-Susitna Borough																
Balance of Borough	0	0	868	505	0	0	857	468	0	0	11	34	0	0	0	3
Palmer	14	11	122	51	14	11	82	51	0	0	40	0	0	0	0	0
Wasilla	13	4	48	90	13	4	45	60	0	0	3	30	0	0	0	0
Nome Census Area																
Diomedes	0	7	0	12	0	7	0	12	0	0	0	0	0	0	0	0
Koyuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nome	4	0	12	0	4	0	10	0	0	0	2	0	0	0	0	0
Savoonga	0	0	0	20	0	0	0	20	0	0	0	0	0	0	0	0
Shaktolik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shismaref	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unalakleet	0	0	0	6	0	0	0	6	0	0	0	0	0	0	0	0
North Slope Borough																
Atkasuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Barrow	24	13	65	129	16	9	55	91	8	4	10	38	0	0	0	0
Kaktovik	0	0	0	5	0	0	0	0	0	0	0	5	0	0	0	0
Nuiqsut	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Point Hope	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wainwright	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northwest Arctic Borough																
Ambler	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buckland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kiana	0	0	2	1	0	0	2	1	0	0	0	0	0	0	0	0
Kivalina	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Kobuk	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Kotzebue	0	0	4	0	0	0	4	0	0	0	0	0	0	0	0	0
Noorvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selawik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shungnak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prince of Wales-Outer Ketchikan																
Craig	1	0	6	17	1	0	5	9	0	0	0	0	0	0	1	8
Hydaburg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kasaan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Klawock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Thorne Bay	0	0	10	3	0	0	10	1	0	0	0	2	0	0	0	0
Sitka Borough																
City & Borough of Sitka	7	14	37	59	6	12	25	44	0	2	4	6	1	0	8	9

New Housing Units by Type of Structure - cont.

For Places Reporting Data, Comparison with 1997 Permit Data

4th Qtr 1998 vs. 4th Qtr 1997 and Year-to-Date

Table 4-1

Place	Total New Units				Single Family				Multi-Family				Mobile Home			
	4Qtr '98	4Qtr '97	YTD '98	YTD '97	4Qtr '98	4Qtr '97	YTD '98	YTD '97	4Qtr '98	4Qtr '97	YTD '98	YTD '97	4Qtr '98	4Qtr '97	YTD '98	YTD '97
Skagway-Yakutat/Angoon Census Area																
Angoon	0	0	1	4	0	0	1	0	0	0	4	0	0	0	0	0
Hoonah	0	0	2	6	0	0	1	2	0	0	2	0	0	1	2	0
Pelican	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Skagway	17	0	20	7	3	0	6	6	14	0	14	0	0	0	0	1
Yakutat	1	0	7	6	1	0	6	2	0	0	0	0	0	0	1	4
Southeast Fairbanks Census	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Valdez-Cordova Census Area																
Cordova	0	0	1	2	0	0	1	2	0	0	0	0	0	0	0	0
Valdez	0	0	41	32	0	0	15	32	0	0	16	0	0	0	10	0
Whittier	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0
Wade Hampton Census Area																
Alakanuk	3	0	4	0	0	0	1	0	3	0	3	0	0	0	0	0
Emmonak	0	0	2	0	0	0	0	0	0	0	0	0	0	0	2	0
Hooper Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kotlik	0	0	0	2	0	0	0	2	0	0	0	0	0	0	0	0
Pilot Station	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Russian Mission	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheldon Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. Mary's	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wrangell-Petersburg Census Area																
Kake	2	0	20	0	2	0	20	0	0	0	0	0	0	0	0	0
Kupreanof	1	0	2	1	1	0	2	1	0	0	0	0	0	0	0	0
Petersburg	5	3	24	41	3	3	14	36	2	0	10	4	0	0	0	1
Port Alexander	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wrangell	0	0	7	3	0	0	7	3	0	0	0	0	0	0	0	0
Yukon-Koyukuk Census Area																
Allakaket	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anderson	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bettles	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0
Fort Yukon	5	1	10	6	5	1	10	6	0	0	0	0	0	0	0	0
Galena	0	0	4	1	0	0	4	1	0	0	0	0	0	0	0	0
Hughes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Huslia	0	10	0	36	0	10	0	36	0	0	0	0	0	0	0	0
Koyukuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
McGrath	0	0	0	2	0	0	0	2	0	0	0	0	0	0	0	0
Nenana	1	0	1	2	1	0	1	2	0	0	0	0	0	0	0	0
Nikolai	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nulato	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ruby	0	0	0	16	0	0	0	16	0	0	0	0	0	0	0	0
Shageluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tanana	1	0	3	0	1	0	3	0	0	0	0	0	0	0	0	0
Total Reported	523	340	3,682	3,307	356	267	2,927	2,531	146	59	655	650	21	14	100	126

Source: Alaska Department of Labor, Research and Analysis Building-Permit Survey; Fairbanks Community Research Center; Municipality of Anchorage.

While Fairbanks North Star Borough and Kodiak Island Borough reported substantial increases, the bulk of permitting activity occurred in Southcentral Alaska. Almost three quarters of the state's new housing units were permitted in the Anchorage-Mat-Su region where half of the state's population lives. Mat-Su reported the largest over-the-year increase in both the number and percentage of permits issued. Anchorage had the second largest numeric increase.

The increase in permitting activity in Southcentral Alaska is being attributed to a strong regional economy. Employment in the Anchorage-Mat-Su region rose 4.1% in 1998, the strongest gain since 1990. Unemployment hit a record low. Population grew faster in Mat-Su than in any other area of the state. Overall, the Anchorage-MatSu region added 6,599 people and 5,600 jobs in 1998.

Juneau was one of the few regions of the state to report a drop in permitting activity. In the Juneau Borough, the number of units authorized fell significantly for the second year in a row. 1998's total of 151 units was the lowest since 1993. Over the last two years, multifamily permits spiked in Juneau as numerous multifamily units were brought on line. Now, Juneau's vacancy rate is easing, and multifamily permitting activity has dropped.

- There were also declines in Dillingham, North Slope Borough and Yukon-Koyukuk. These regions reported a flurry of building activity in 1997 from federally funded housing development activities.
- Single-family homes were the preferred structure type, accounting for 79 percent of the permits issued in 1998.
- The number of single-family permits increased 15.6% over the year, while multifamily permits rose 8.5%, and mobile home permits fell 20.6%.

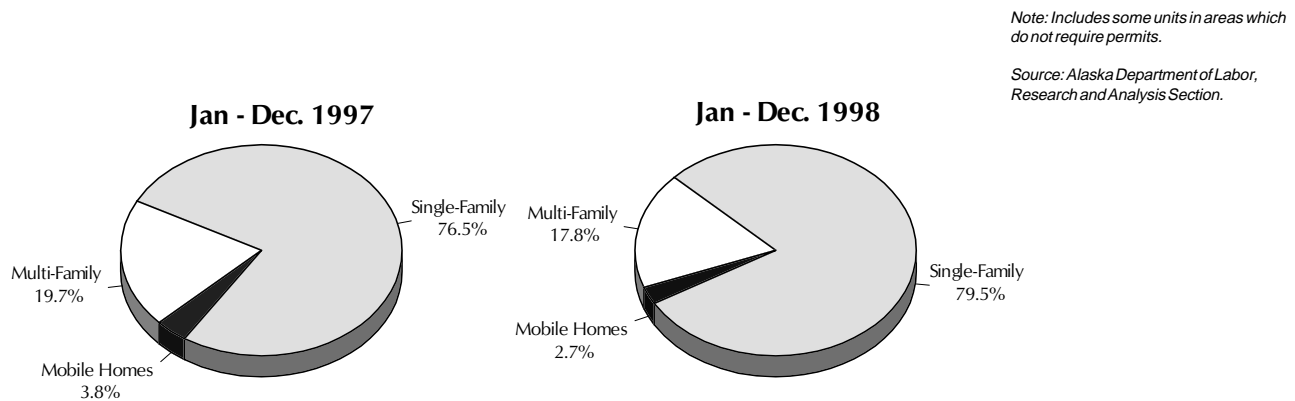
The strength of the national economy continues to fuel housing demand. According to the U.S. Census Bureau, the number of residential building permits rose 11 percent in 1998, with a record number of single-family residences permitted. Activity surged late in the year, with the number of single-family permits up 23 percent in December from December 1997. All regions reported significant over-the-year gains in residential permits. The South led with a 14 percent increase, followed by the Northeast (11 percent), West (9 percent), and Midwest (8 percent).

Permits for New Housing Units by Type

Alaska

January - December 1998 vs. January - December 1997

Figure 4-1

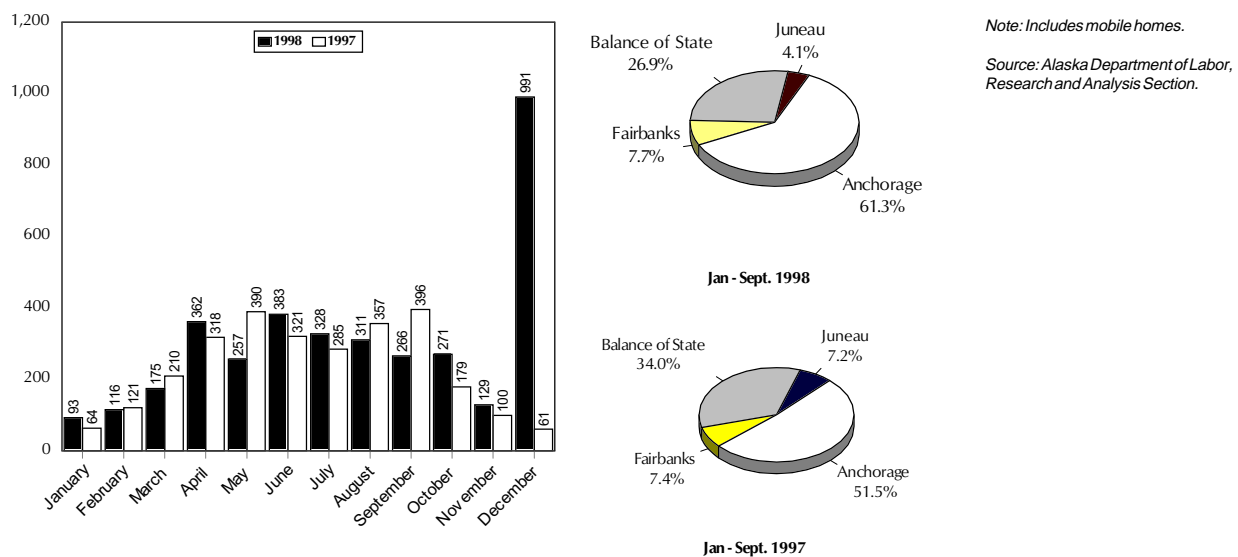


Permits for New Housing Units by Location

Alaska

January - December 1998 vs. January - December 1997

Figure 4-2

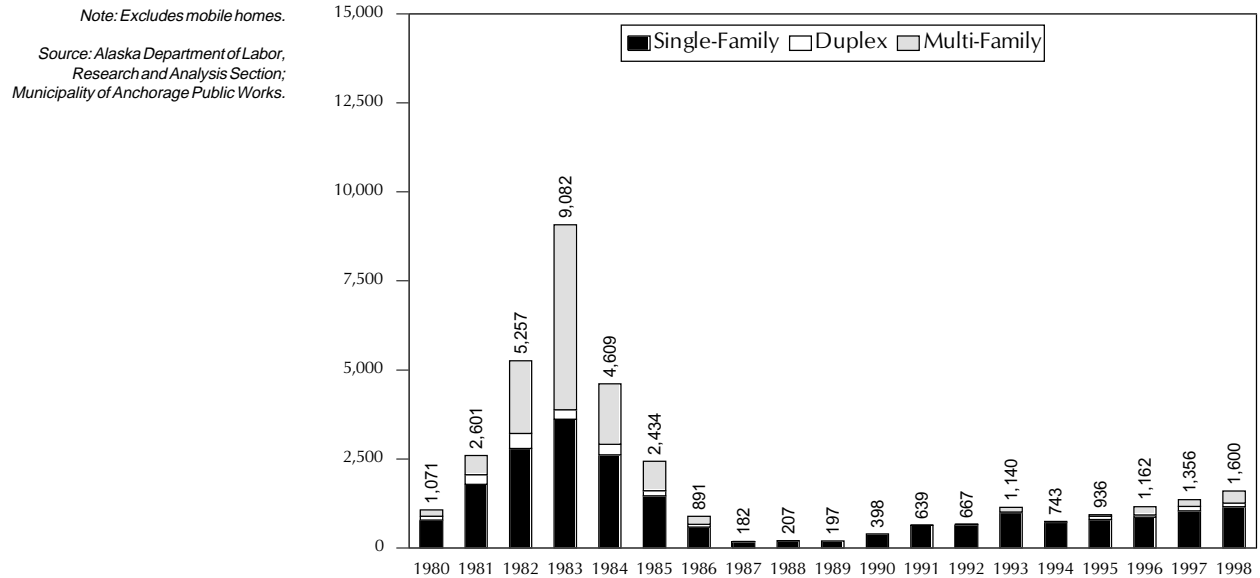


New Housing Units Authorized

Anchorage

January 1980 to December 1998

Figure 4-3

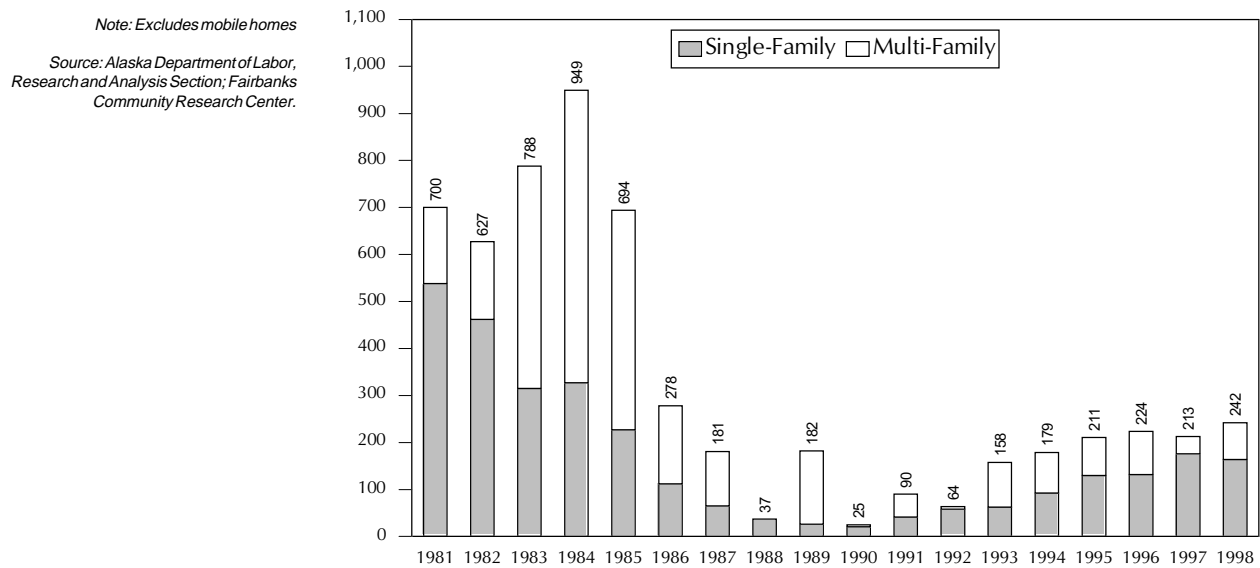


New Housing Units Authorized

Fairbanks North Star Borough

January 1981 to December 1998

Figure 4-4



1999 Annual Construction Cost Survey

Introduction

Each year, building supply companies in the Pacific Northwest are surveyed to determine the cost of a market basket of construction materials. The latest survey was conducted in March of 1999. Building-material pricing data were collected from construction supply companies in Alaska's urban communities of Anchorage, Fairbanks, Juneau, Kenai, Kodiak, Sitka, and Wasilla, plus the rural communities of Barrow, Bethel, and Nome. Because many contractors buy outside of Alaska, companies in Washington and Oregon were also surveyed and shipping costs to the Alaska sites added to their quotes.

Construction Cost Methodology

Figure 6-1, Table 6-1

The survey targeted the largest building-supply companies in Alaska and the Pacific Northwest. One-hundred and fifty-one building-supply vendors were contacted by mail, fax, and telephone. Twenty firms in Alaska, 22 in Washington and eight in Oregon responded to the survey. Responding Alaska firms represented over half the total employment in retail lumber and other building materials and hardware stores in the surveyed areas.

All companies were given an itemized list of building materials with specific quantities and sizes to price. The complete list of materials in the market basket and the quantities used to calculate the cost is shown in Table 6-1. The market basket includes selected construction materials comprising approximately 30 percent of the cost of the model single-family residence (Figure 6-1). Materials for the three rural arctic areas exclude rebar and concrete since pilings are used to support the house above the permafrost instead of the usual slab foundation.

Since construction techniques and styles vary greatly from region to region, this model house may not represent typical construction in all areas of the state. In addition to foundation differences, special materials, techniques, and labor are needed in arctic climates to construct the average residential home than those required in more temperate communities. Conditions in other areas may also entail the use of different materials. However, this survey does provide a benchmark for comparing costs between communities.

Major Findings

Figure 6-2

The 1999 Construction Cost Survey found that:

- Building materials continue to cost more in rural than urban areas. Transportation costs accounted for much of the difference.
- Costs, though higher in many rural areas, are dropping when compared to the cost of construction materials in Anchorage, which are rising.
- The average cost of the market basket (excluding concrete and rebar) ranged from a low of \$17,789 in Juneau to a high of \$32,280 in Barrow.

(Continued on page 45)

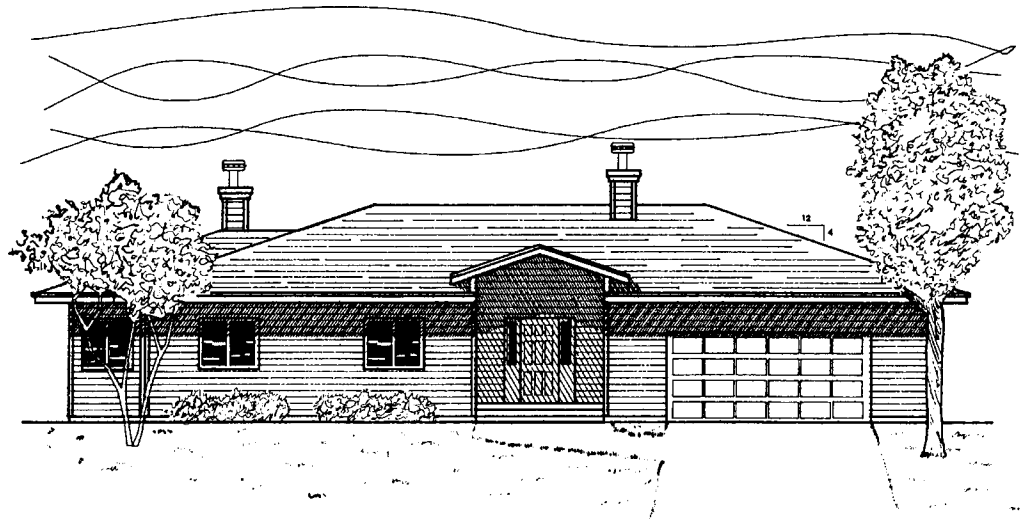
1999 Annual Construction Cost Survey

Model House

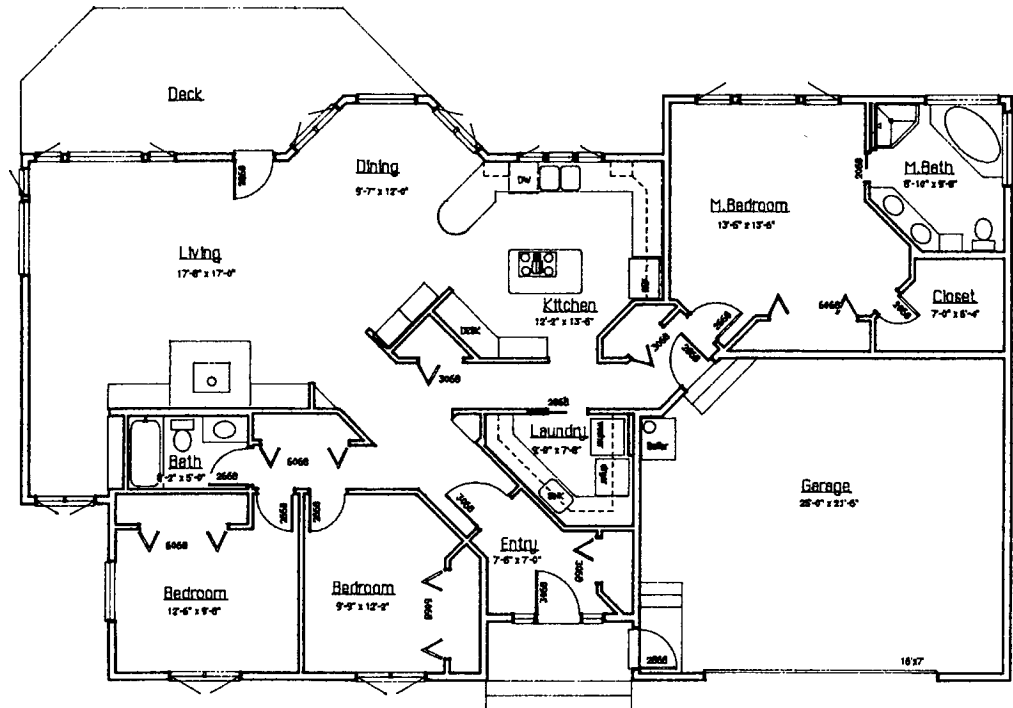
1999

Figure 6-1

Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost Survey"
1999.



FRONT ELEVATION



Floor Plan

1923 SQ. FT.

Average Price for Construction Materials

Alaska Suppliers

1999

Table 6-1

Market Basket Items	Quantity	Units	Size	Length	Juneau	Sitka	Kenai	Anchorage	Kodiak
BCI 60 Series	768	ft	14"		\$1,893	\$1,860	\$1,829	\$1,992	\$2,012
2-4-1 T&G FF Underlay 4X8	62	pcs	1 1/8		2179	2227	2315	2326	2341
CDX 4X8 44#	74	pcs	1/2"		1004	959	1205	1085	1151
CDX 4X8 53#	106	pcs	5/8"		1769	1915	2091	1936	1861
Studs #2 & btr Kiln-dried	164	pcs	2X4"	92 5/8"	387	388	495	408	479
Studs # 2 & btr 14# Kiln-dried	263	pcs	2X6"	92 5/8"	996	930	1297	1009	1197
Cedar Bevel Siding	3548	ft	1X10"		3425	3559	3365	4768	3867
4X12 Plain Sheetrock 84#	95	pcs	1/2"		1025	936	1175	916	826
4X12 Type X Sheetrock 109#	68	pcs	5/8"		857	751	1032	785	736
3 Tab Shingles Brown	102	bundles			1199	1092	1369	1298	1885
Fiberglass Bat Insulation (2,560 sqft)	27	bags	R-38X24	96 sqft	1578	1767	1638	1615	1672
Fiberglass Bat Insulation (2,034 sqft)	35	bags	R-21X15	58 sqft	1097	1119	1129	1023	1018
NMB Electric Wire	3	boxes	35035	250'	92	76	74	89	135
Single Breaker	15	pcs	15 Amp		59	64	110	102	144
Copper Pipe Type 'M'	150	ft	3/4"		118	132	120	118	160
ABS Pipe	100	ft	3"		111	126	97	148	153
Total (Without Concrete & Rebar)					\$17,789	\$17,900	\$19,343	\$19,619	\$19,636
Concrete	30	yds			2970	4110	3080	2629	4800
# 4 Rebar	93	pcs	1/2"	20'	336	426	439	463	399
Total (With Concrete & Rebar)					\$21,095	\$22,436	\$22,862	\$22,711	\$24,835

Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1999.

Market Basket Items	Quantity	Units	Size	Length	Wasilla	Fairbanks	Bethel*	Nome*	Barrow*
BCI 60 Series	768	ft	14"		\$2,176	\$2,193	\$1,795	\$2,938	\$2,588
2-4-1 T&G FF Underlay 4X8	62	pcs	1 1/8		2480	2566	2996	3347	4011
CDX 4X8 44#	74	pcs	1/2"		1118	1162	1425	1764	1983
CDX 4X8 53#	106	pcs	5/8"		1928	2270	2518	3004	3678
Studs #2 & btr Kiln-dried	164	pcs	2X4"	92 5/8"	438	536	676	707	861
Studs # 2 & btr 14# Kiln-dried	263	pcs	2X6"	92 5/8"	1035	1342	1777	1655	2188
Cedar Bevel Siding	3548	ft	1X10"		4812	4258	3167	7185	4400
4X12 Plain Sheetrock 84#	95	pcs	1/2"		979	1110	1441	1881	2841
4X12 Type X Sheetrock 109#	68	pcs	5/8"		850	977	1991	1376	2611
3 Tab Shingles Brown	102	pkgs			1376	1454	2507	3335	2581
Fiberglass Bat Insulation (2,560 sqft)	27	bags	R-38X24	96 sqft	1818	2266	2633	2721	2682
Fiberglass Bat Insulation (2,034 sqft)	35	bags	R-21X15	58 sqft	1149	1196	1798	1731	1071
NMB Electric Wire	3	boxes	35035	250'	97	124	109	108	180
Single Breaker	15	pcs	15 Amp		150	138	50	81	85
Copper Pipe Type 'M'	150	ft	3/4"		139	134	166	155	250
ABS Pipe	100	ft	3"		152	128	169	153	270
Total (Without Concrete & Rebar)					\$20,700	\$21,856	\$25,218	\$32,142	\$32,280
Concrete	30	yds			2670	2805	* Rural Areas Exclude Concrete & Rebar		
# 4 Rebar	93	pcs	1/2"	20'	481	623			
Total (With Concrete & Rebar)					\$23,851	\$25,284			

Average Price for Doors and Windows

Alaska Suppliers

1999

Table 6-2

Market Basket Items	Quantity	Size	Kenai	Sitka	Kodiak	Wasilla	Anchorage
R7 Metal Insulated Doors with 6" Jamb	2	pcs	3'	\$449	\$224	\$426	\$433
Low E Argon Windows with R > 2.8 Vinyl Casements	3	pcs	2.6' x 3'	489	556	549	684
Low E Argon Windows with R > 2.8 Vinyl Casements, 5.7 E-Gress	6	pcs	2.6' x 4'	1,110	1,220	1,248	1,286
Low E Argon Windows with R > 2.8 Vinyl Casements, 5.7 E-Gress	2	pcs	8.0' x 4'	679	1,138	1,014	1,030
Total Cost of Windows & Doors				\$2,727	\$3,137	\$3,237	\$3,313

Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1999.

Market Basket Items	Quantity	Size	Juneau	Fairbanks	Bethel	Barrow	Nome
R7 Metal Insulated Doors with 6" Jamb	2	pcs	3'	\$385	\$530	\$558	\$538
Low E Argon Windows with R > 2.8 Vinyl Casements	3	pcs	2.6' x 3'	688	767	863	1,047
Low E Argon Windows with R > 2.8 Vinyl Casements, 5.7 E-Gress	6	pcs	2.6' x 4'	1,508	1,739	1,827	1,854
Low E Argon Windows with R > 2.8 Vinyl Casements, 5.7 E-Gress	2	pcs	8.0' x 4'	1,477	1,495	1,200	1,422
Total Cost of Windows & Doors				\$4,058	\$4,530	\$4,448	\$4,861

(Continued from page 42)

- Anchorage experienced a boom in new construction that impacted the cost of building products. Suppliers in that city reported prices were up 3.5% from the survey conducted in March 1998 – 2.0% higher than the change in the 1998 Anchorage Consumer Price Index.
- Compared to suppliers in Oregon and Washington, Alaska suppliers quoted lower prices for building materials in their communities (excluding concrete and rebar, and including the lowest shipping estimate from Seattle or Portland) for all areas except Nome.

Alaska Suppliers

Table 6-1, and Figures 6-2, 6-3

To compare the cost of building materials (excluding concrete and rebar) throughout the state, the market-basket cost for Anchorage was established as a baseline of 100. Prices in two areas were significantly lower; Juneau and Sitka's costs were only 91 percent of those in Anchorage. In two other areas, costs nearly equaled Anchorage's; Kenai, slightly below, and Kodiak, slightly above. Fairbanks and Wasilla, the most expensive urban areas, had index values of 111 and 106, respectively. In the rural areas, shipping costs were a major factor in prices. Barrow at 165 and Nome at 164 showed the highest comparative index values. Bethel at 129 also had significantly higher costs.

Cost of Doors and Windows from Alaska Suppliers

Table 6-2

The variation in prices for doors and windows was consistent with that of the total market baskets, with the highest prices in the northern region communities and the lowest in the southern regions. The most expensive region was Nome (\$4,869), and the least expensive, Kenai (\$2,727).

Transportation Costs

Table 6-3 and Table 6-4

Transportation costs from Seattle and Portland added to the total Washington and Oregon market baskets for comparison to Alaskan pricing. The transportation costs used in the market baskets included destination handling, trucking, forklifting, and banding and wrapping expenses from the point of origin. Generally, carriers reported increases of about two to three percent from 1998.

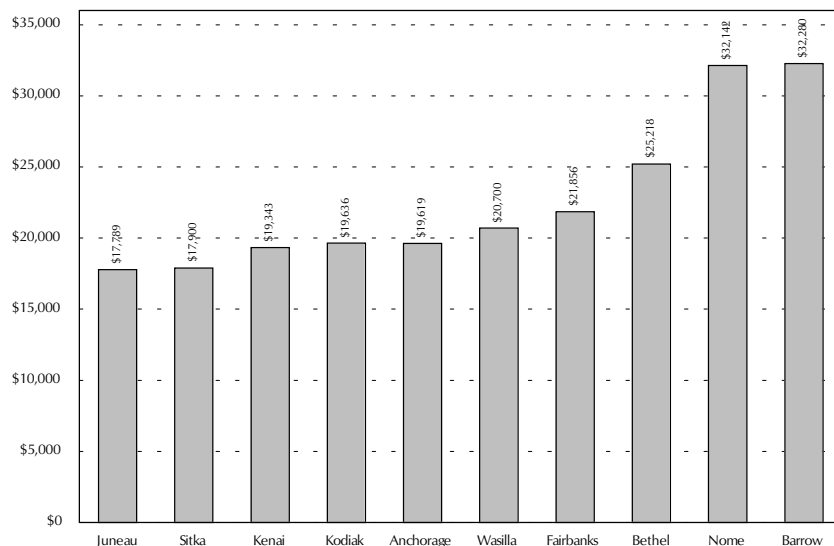
Compared to the Anchorage baseline, transportation costs to the rural area were proportionally much higher than materials costs. For instance, transportation costs from Washington to Barrow were 157 percent higher than to Anchorage. However, building materials in Barrow cost 65 percent more than in Anchorage. Barrow's transportation differential was higher than last year's. In 1998, one of Barrow's two major barge carriers cut service for dry goods. Of the urban areas, Kenai had the highest differential in transportation costs, 17 percent higher than Anchorage.

Average Cost of Market Basket

Alaska Suppliers (Without Concrete and Rebar)

1999

Figure 6-2



Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1999.

Comparing Alaska with Pacific Northwest Suppliers

Table 6-3 and Table 6-4

In most areas, the difference in building-material costs (excluding concrete and rebar, and including the lowest shipping estimate from Seattle or Portland) between suppliers in Oregon and Washington and those in Alaska exceeded 10 percent. The exceptions were Nome where out-of-state quotes were 4.0% lower than in-state and Barrow where they were only 1.6% higher. The most extreme difference was noted in Kenai, where out-of-state quotes averaged 25.5% more than those from Kenai suppliers.

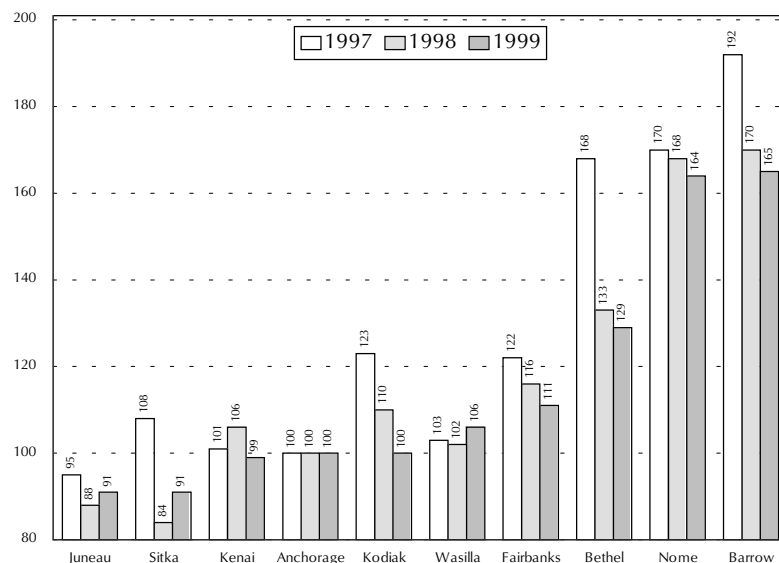
Cost of Market Basket Index

Comparison Index, with Anchorage as a Baseline (Alaska Suppliers)

Figure 6-3

1997, 1998 & 1999

Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost Survey"
1999.



Average Price for Construction Materials

Oregon and Washington Suppliers (Without Concrete)

1999

Table 6-3

Market Basket Items	Quantity	Units	Size	Length	Oregon	Washington
BCI 60 Series	768	ft	14"		\$1,673	\$1,707
2-4-1 T&G FF Underlay 4X8	62	pcs	1 1/8		2,008	2,010
CDX 4X8 44#	74	pcs	1/2"		917	897
CDX 4X8 53#	106	pcs	5/8"		1,660	1,751
Studs #2 & btr Kiln-dried	164	pcs	2X4	92 5/8"	420	414
Studs # 2 & btr 14# Kiln-dried	263	pcs	2X6	92 5/8"	1,022	989
Cedar Bevel Siding	3548	ft	1X10		4,201	3,872
4X12 Plain Sheetrock 84#	95	pcs	1/2"		670	693
4X12 Type X Sheetrock 109#	68	pcs	5/8"		667	606
3 Tab Shingles Brown	102	pkgs			789	1,024
Fiberglass Bat Insulation (2,560 sqft)	27	bags	R-38X24	96 sqft	1,302	1,780
Fiberglass Bat Insulation (2,034 sqft)	35	bags	R-21X15	58 sqft	910	897
NMB Electric Wire	3	boxes	35035	250'	71	76
Single Breaker	15	pcs	15 Amp		91	66
Copper Pipe Type 'M'	150	ft	3/4"		92	97
ABS Pipe	100	ft	3"		100	88
Total (Without Rebar)					\$16,593	\$16,967
# 4 Rebar	93	pcs	1/2"	20'	302	297
Total (With Rebar)					\$16,895	\$17,264

Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1999.

Transportation Cost of Market Basket

Shipping and Handling (Without Rebar)

1999

Table 6-4

Destination	Seattle	Portland
Juneau	\$3,190	\$4,042
Sitka	3,900	4,752
Kodiak	5,727	6,579
Anchorage	6,059	6,911
Wasilla	6,340	7,192
Fairbanks	6,921	7,773
Kenai	7,064	7,916
Bethel	11,607	12,459
Nome	13,637	14,489
Barrow	15,595	16,447

Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1999.

